



## BUND CENTER INVESTMENT LTD

### First Quarter Financial Statement And Dividend Announcement

#### PART I - INFORMATION REQUIRED FOR QUARTERLY (Q1, Q2 & Q3), HALF-YEAR AND FULL YEAR ANNOUNCEMENTS

##### 1(a) An income statement and statement of comprehensive income for the group, together with a comparative statement for the corresponding period of the immediately preceding financial year

#### UNAUDITED CONSOLIDATED INCOME STATEMENT FOR THE PERIOD ENDED 31 MARCH 2017

	1st Qtr 2017 <u>S\$'000</u>	1st Qtr 2016 <u>S\$'000</u>	Change %
Revenue	29,889	32,329	(7.5)
Cost of sales	<u>(14,256)</u>	<u>(16,489)</u>	(13.5)
Gross profit	<u>15,633</u>	<u>15,840</u>	(1.3)
Operating expenses			
Selling expenses	(1,577)	(1,505)	4.8
General and administrative expenses	<u>(5,077)</u>	<u>(5,559)</u>	(8.7)
Total operating expenses	<u>(6,654)</u>	<u>(7,064)</u>	(5.8)
Operating profit	8,979	8,776	2.3
Financial income	398	1,035	(61.5)
Financial expenses	(2)	(273)	(99.3)
Other operating income/(expenses), net	<u>3,044</u>	<u>(291)</u>	n.m.
Profit before income tax	<u>12,419</u>	<u>9,247</u>	34.3
Income tax	<u>(4,080)</u>	<u>(3,065)</u>	33.1
Total profit for the period	<u>8,339</u>	<u>6,182</u>	34.9
Profit for the period attributable to:			
Owners of the Company	8,025	5,924	35.5
Non-controlling interests	<u>314</u>	<u>258</u>	21.7
	<u>8,339</u>	<u>6,182</u>	34.9

Note: n.m. - not meaningful

**1(a) A statement of total comprehensive income together with a comparative statement for the corresponding period of the immediately preceding financial year**

**UNAUDITED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME  
FOR THE PERIOD ENDED 31 MARCH 2017**

	<b>1st Qtr 2017 <u>S\$'000</u></b>	<b>1st Qtr 2016 <u>S\$'000</u></b>
Total profit for the period	8,339	6,182
<b>Other comprehensive loss:</b>		
<u>Items that may be reclassified subsequently to the profit or loss:</u>		
Foreign currency differences on consolidation, net of tax	<u>(10,321)</u>	<u>(19,638)</u>
<b>Total comprehensive loss for the period</b>	<b><u>(1,982)</u></b>	<b><u>(13,456)</u></b>
<b>Total comprehensive loss for the period attributable to:</b>		
Owners of the Company	(1,905)	(13,007)
Non-controlling interests	<u>(77)</u>	<u>(449)</u>
	<b><u>(1,982)</u></b>	<b><u>(13,456)</u></b>

**ADDITIONAL INFORMATION**

	<b>1st Qtr 2017 <u>S\$'000</u></b>	<b>1st Qtr 2016 <u>S\$'000</u></b>	<b>Change %</b>
<b>Earnings before tax, non-controlling interests, interest on borrowings, depreciation and amortisation and foreign exchange loss ("EBITDA")</b>	18,403	16,125	14.1
Interest on borrowings	(2)	(273)	(99.3)
Depreciation and amortisation	(5,582)	(5,613)	(0.6)
Foreign exchange loss	<u>(400)</u>	<u>(992)</u>	(59.7)
Profit before income tax	<b><u>12,419</u></b>	<b><u>9,247</u></b>	34.3

**1(b)(i)A statement of financial position (for the issuer and group), together with a comparative statement as at the end of the immediately preceding financial year**

**UNAUDITED STATEMENTS OF FINANCIAL POSITION**

	Group		Company	
	As at	As at	As at	As at
	31/03/2017	31/12/2016	31/03/2017	31/12/2016
	<u>S\$'000</u>	<u>S\$'000</u>	<u>S\$'000</u>	<u>S\$'000</u>
<b><u>Assets</u></b>				
Current Assets				
Cash and cash equivalents	68,232	60,553	108	544
Short-term investments	1,105	1,132	-	-
Trade receivables and other current assets	4,650	4,269	14,136	14,251
Inventories, at cost	499	488	-	-
	74,486	66,442	14,244	14,795
Non-Current Assets				
Interest in subsidiaries	-	-	410,659	410,659
Investment properties	219,442	227,942	-	-
Property, plant and equipment	173,051	179,712	-	-
Deferred tax assets	4,693	4,880	-	-
Deferred charges	622	639	-	-
	397,808	413,173	410,659	410,659
<b>Total Assets</b>	<b>472,294</b>	<b>479,615</b>	<b>424,903</b>	<b>425,454</b>
<b><u>Liabilities and Equity</u></b>				
Current Liabilities				
Trade and other payables	28,300	29,607	299	299
Income tax payable	3,381	7,608	-	-
Obligations under finance lease	70	70	-	-
	31,751	37,285	299	299
Non-Current Liabilities				
Long-term liabilities	9,805	10,080	-	-
Obligations under finance lease	216	233	-	-
Deferred tax liabilities	2,603	2,116	-	-
	12,624	12,429	-	-
<b>Total Liabilities</b>	<b>44,375</b>	<b>49,714</b>	<b>299</b>	<b>299</b>
Equity Attributable to Owners of the Company				
Share capital	105,784	105,784	105,784	105,784
Share premium	304,881	304,881	304,881	304,881
Treasury shares	(1,498)	(1,498)	(1,498)	(1,498)
Asset revaluation reserve	65,175	65,175	-	-
Merger reserve	(133,639)	(133,639)	-	-
Foreign currency translation reserve	40,260	50,190	-	-
Retained earnings	30,795	22,770	15,437	15,988
	411,758	413,663	424,604	425,155
Non-Controlling Interests	16,161	16,238	-	-
<b>Total Equity</b>	<b>427,919</b>	<b>429,901</b>	<b>424,604</b>	<b>425,155</b>
<b>Total Liabilities and Equity</b>	<b>472,294</b>	<b>479,615</b>	<b>424,903</b>	<b>425,454</b>

**1(b)(ii) Aggregate amount of group's borrowings and debt securities**

	As at 31/03/2017			As at 31/12/2016		
	Secured S\$'000	Unsecured S\$'000	Total S\$'000	Secured S\$'000	Unsecured S\$'000	Total S\$'000
Amount repayable in one year or less, or on demand	70	-	70	70	-	70
Amount repayable after one year	216	-	216	233	-	233
<b>Total</b>	<b>286</b>	<b>-</b>	<b>286</b>	<b>303</b>	<b>-</b>	<b>303</b>

**Details of any collateral**

The secured borrowings were collateralised by certain property, plant and equipment.

**1(c) A statement of cash flows (for the group), together with a comparative statement for the corresponding period of the immediately preceding financial year**

**UNAUDITED CONSOLIDATED STATEMENT OF CASH FLOWS  
FOR THE PERIOD ENDED 31 MARCH 2017**

	1st Qtr 2017 S\$'000	1st Qtr 2016 S\$'000
<b>Cash flows from operating activities</b>		
<b>Profit before income tax</b>	<b>12,419</b>	<b>9,247</b>
Adjustments for:		
Depreciation of property, plant and equipment	2,536	2,418
Depreciation of investment properties	3,040	3,188
Amortisation of deferred charges	6	7
Changes in fair value of financial assets at fair value through profit or loss	-	174
Property, plant and equipment written off	-	6
Receivables written off	45	-
Interest income	(398)	(1,035)
Interest expense	2	273
Unrealised foreign exchange loss, net	944	507
Operating cash flows before working capital changes	18,594	14,785
Changes in working capital:		
Trade receivables and other current assets	(424)	103
Inventories	(11)	(96)
Trade and other payables	(1,582)	(1,421)
Cash generated from operations	16,577	13,371
Income tax paid	(7,545)	(5,428)
Interest received	396	1,035
Interest paid	(2)	(273)
<b>Net cash from operating activities</b>	<b>9,426</b>	<b>8,705</b>

**UNAUDITED CONSOLIDATED STATEMENT OF CASH FLOWS  
FOR THE PERIOD ENDED 31 MARCH 2017 (cont'd)**

	<b>1st Qtr 2017 <u>S\$'000</u></b>	<b>1st Qtr 2016 <u>S\$'000</u></b>
<b>Cash flows from investing activities</b>		
Proceeds from disposal of property, plant and equipment	-	3
Capital expenditure on property, plant and equipment	(159)	(356)
Payments for deferred expenditure	(4)	-
<b>Net cash used in investing activities</b>	<b><u>(163)</u></b>	<b><u>(353)</u></b>
<b>Cash flows from financing activities</b>		
Repayments of obligations under finance lease	(17)	(41)
Repayments of long-term borrowings	-	(53,960)
<b>Net cash used in financing activities</b>	<b><u>(17)</u></b>	<b><u>(54,001)</u></b>
Net increase/(decrease) in cash and cash equivalents	9,246	(45,649)
Cash and cash equivalents at beginning of the period	60,553	120,516
Effect of exchange rate changes on balances of cash held in foreign currencies	(1,567)	(4,401)
<b>Cash and cash equivalents at end of the period</b>	<b><u>68,232</u></b>	<b><u>70,466</u></b>

**1(d)(i) A statement (for the issuer and group) showing either (i) all changes in equity or (ii) changes in equity other than those arising from capitalisation issues and distributions to shareholders, together with a comparative statement for the corresponding period of the immediately preceding financial year**

<b><u>The Company</u></b>	<u>Share Capital</u> S\$'000	<u>Share Premium</u> S\$'000	<u>Treasury Shares</u> S\$'000	<u>Retained Earnings</u> S\$'000	<u>Total</u> S\$'000
Balance as at 1 Jan 2017	105,784	304,881	(1,498)	15,988	425,155
Total comprehensive loss for the period	-	-	-	(551)	(551)
Balance as at 31 Mar 2017	<u>105,784</u>	<u>304,881</u>	<u>(1,498)</u>	<u>15,437</u>	<u>424,604</u>
Balance as at 1 Jan 2016	105,784	304,881	(1,498)	42,212	451,379
Total comprehensive loss for the period	-	-	-	(1,904)	(1,904)
Balance as at 31 Mar 2016	<u>105,784</u>	<u>304,881</u>	<u>(1,498)</u>	<u>40,308</u>	<u>449,475</u>

**1(d)(i) A statement (for the issuer and group) showing either (i) all changes in equity or (ii) changes in equity other than those arising from capitalisation issues and distributions to shareholders, together with a comparative statement for the corresponding period of the immediately preceding financial year**

<b>The Group</b>	← Attributable to Owners of the Company →									
	Share Capital	Share Premium	Treasury Shares	Asset Revaluation Reserve	Merger Reserve	Foreign Currency Translation Reserve	Retained Earnings	Total	Non-Controlling Interests	Total Equity
	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000
Balance as at 1 Jan 2017	105,784	304,881	(1,498)	65,175	(133,639)	50,190	22,770	413,663	16,238	429,901
Profit for the period	-	-	-	-	-	-	8,025	8,025	314	8,339
Other comprehensive loss for the period – Foreign currency translation differences on consolidation	-	-	-	-	-	(9,930)	-	(9,930)	(391)	(10,321)
Total comprehensive (loss)/income for the period	-	-	-	-	-	(9,930)	8,025	(1,905)	(77)	(1,982)
Balance as at 31 Mar 2017	105,784	304,881	(1,498)	65,175	(133,639)	40,260	30,795	411,758	16,161	427,919
Balance as at 1 Jan 2016	105,784	304,881	(1,498)	65,175	(133,639)	69,474	51,608	461,785	16,997	478,782
Profit for the period	-	-	-	-	-	-	5,924	5,924	258	6,182
Other comprehensive loss for the period – Foreign currency translation differences on consolidation	-	-	-	-	-	(18,931)	-	(18,931)	(707)	(19,638)
Total comprehensive (loss)/income for the period	-	-	-	-	-	(18,931)	5,924	(13,007)	(449)	(13,456)
Balance as at 31 Mar 2016	105,784	304,881	(1,498)	65,175	(133,639)	50,543	57,532	448,778	16,548	465,326

**1(d)(ii) Details of any changes in the company's share capital arising from rights issue, bonus issue, share buy-backs, exercise of share options or warrants, conversion of other issues of equity securities, issue of shares for cash or as consideration for acquisition or for any other purpose since the end of the previous period reported on. State also the number of shares that may be issued on conversion of all the outstanding convertibles, as well as the number of shares held as treasury shares, if any, against the total number of issued shares excluding treasury shares of the issuer, as at the end of the current financial period reported on and as at the end of the corresponding period of the immediately preceding financial year**

There were no movements in the Company's issued capital since 31 December 2016. The Company's issued and paid-up share capital (excluding 1,721,027 shares held as treasury shares) comprised 758,768,832 shares of US\$0.10 each as at 31 March 2017.

As at 31 March 2016, the Company's issued and paid-up capital (excluding 6,887,000 ordinary shares held as treasury shares) comprised 3,035,072,440 ordinary shares of US\$0.025 each.

**1(d)(iii) To show the number of issued shares excluding treasury shares as at the end of the current financial period and as at the end of the immediately preceding year.**

The total number of issued shares excluding treasury shares as at 31 March 2017 and 31 December 2016 are 758,768,832 ordinary shares of US\$0.10 each.

**1(d)(iv) A statement showing all sales, transfers, disposal, cancellation and/or use of treasury shares as at the end of the current financial period reported on**

There were no changes in the number of ordinary shares held as treasury shares by the Company since 31 December 2016.

**2. Whether the figures have been audited or reviewed, and in accordance with which auditing standard or practice**

These figures have not been audited, or reviewed by the auditors.

**3. Where the figures have been audited or reviewed, the auditors' report (including any qualifications or emphasis of matter)**

Not applicable.

**4. Whether the same accounting policies and methods of computation as in the issuer's most recently audited annual financial statements have been applied**

Except as disclosed in Note 5 below, the Group has applied the same accounting policies and methods of computation consistent with those used in the audited consolidated financial statements for the year ended 31 December 2016.

**5. If there are any changes in the accounting policies and methods of computation, including any required by an accounting standard, what has changed, as well as the reasons for, and the effect of, the change**

The Group has adopted various new and amendments to the International Financial Reporting Standards ("IFRSs") that are relevant to its operations and effective for the period beginning 1 January 2017. The adoption of these new and amendments to the IFRSs has had no material impact on the true and fair presentation of the Group's financial statements.

6. **Earnings per ordinary share of the group for the current financial period reported on and the corresponding period of the immediately preceding financial year, after deducting any provision for preference dividends**

Earnings per ordinary share for the period after deducting any provision for preference dividends:-

- (i) Based on weighted average number of ordinary shares  
- Weighted average numbers of shares
- (ii) On a fully diluted basis

The Group	
1st Qtr 2017	1st Qtr 2016
SGD1.06 cents	SGD0.78 cents
758,768,832	758,768,832
Not applicable	Not applicable

7. **Net asset value (for the issuer and group) per ordinary share based on issued shares excluding treasury shares of the issuer at the end of the (a) current financial period reported on and (b) immediately preceding financial year**

Net asset value per ordinary share based on existing issued share capital of 758,768,832

The Group		The Company	
As at 31 Mar 2017	As at 31 Dec 2016	As at 31 Mar 2017	As at 31 Dec 2016
S\$0.54	S\$0.55	S\$0.56	S\$0.56

8. **A review of the performance of the group, to the extent necessary for a reasonable understanding of the group's business. The review must discuss any significant factors that affected the turnover, costs, and earnings of the group for the current financial period reported on, including (where applicable) seasonal or cyclical factors. It must also discuss any material factors that affected the cash flow, working capital, assets or liabilities of the group during the current financial period reported on**

**Revenue and gross profit breakdown by segment:**

	1st Qtr 2017 S\$'000	1st Qtr 2016 S\$'000	Change %
<b>Revenue from:</b>			
Hotel	15,167	14,679	3.3
Property leasing	14,722	17,650	(16.6)
Total revenue	29,889	32,329	(7.5)
<b>Gross Profit from:</b>			
Hotel	7,337	5,531	32.7
Property leasing	8,296	10,309	(19.5)
Total gross profit	15,633	15,840	(1.3)
<b>Gross Profit Margin</b>			
Hotel	48.4%	37.7%	10.7
Property leasing	56.4%	58.4%	(2.0)
Overall	52.3%	49.0%	3.3



## **REVIEW OF PERFORMANCE FOR THE PERIOD ENDED 31 MARCH 2017**

The Group recorded revenue and EBITDA of S\$29.9 million and S\$18.4 million respectively for the 3-month period ended 31 March 2017 ("1Q2017") as compared to S\$32.3 million and S\$16.1 million respectively in the corresponding period in 2016 ("1Q2016").

### **REVENUE**

The Group recorded a lower revenue at S\$29.9 million primarily attributable to the translation effect of weakening of Chinese Renminbi ("RMB") against Singapore dollar and lower leasing income.

Hotel revenue increased by 3.3% to S\$15.2 million in 1Q2017 despite the weakening RMB. This was mainly due to higher average occupancy rate supported by higher demand from increased tourist arrivals in Shanghai as well as higher revenue contribution from meetings, incentives, conventions and exhibitions (MICE). Average occupancy rate and average room rate remained high at 78.9% and RMB1,188 respectively in 1Q2017.

The weakening RMB and lower average rental rate for our Bund Center office tower have resulted in a decrease in total leasing income from S\$17.7 million in 1Q2016 to S\$14.7 million in the current period. The average rental rate reduced by 9.0% in 1Q2017 in view of the competitive leasing environment in Shanghai due to the increased in new supply of office spaces.

### **GROSS PROFIT**

The Group's gross profit decreased by 1.3% to S\$15.6 million in 1Q2017 mainly attributable to the effect of weakening of RMB. RMB depreciated by approximately 4% against Singapore dollar during the current period. The Group recorded higher gross profit margin at 52.3% as compared to 49.0% in 1Q2016 mainly due to lower business tax expenses following the change in indirect tax policies in China since the second quarter of 2016.

### **OPERATING EXPENSES**

Selling expenses of S\$1.6 million mainly comprised advertising and promotion expenses, salaries and related expenses and marketing expenses. General and administrative expenses of S\$5.1 million mainly comprised salaries and related expenses, office and hotel supplies, repair and maintenance, professional fees and management fee payable to the hotel operator. Total operating expenses decreased by 5.8% from S\$7.1 million in 1Q2016 to S\$6.7 million mainly due to decreases in repair and maintenance expenses and professional fees.

### **FINANCIAL INCOME, NET**

Financial income (net of financial expenses) decreased from S\$0.8 million in 1Q2016 to S\$0.4 million in the current period mainly due to lower interest income in line with lower average time deposits.

### **OTHER OPERATING INCOME, NET**

Net other operating income mainly comprised business assistance grants, advertising income and other miscellaneous income, after deducting the net foreign exchange loss. The Group recorded a net operating income of S\$3.0 million in 1Q2017 as compared to a net operating expenses of S\$0.3 million in 1Q2016. This was mainly due to recognition of business assistance grants received during the current period.

## INCOME TAX

Income tax comprised withholding tax and corporate income tax derived by applying the varying statutory tax rates of the different countries in which the Group operates on its taxable profit and taxable temporary difference. No group relief is available for set-off of taxable profits against tax losses of companies within the Group.

Income tax expense increased to S\$4.1 million in 1Q2017 in line with better operating results in certain subsidiaries.

## REVIEW OF FINANCIAL POSITION AS AT 31 MARCH 2017

### ASSETS

The Group's total assets of S\$472.3 million mainly consist of investment properties of S\$219.4 million; property, plant and equipment of S\$173.1 million and cash and cash equivalents of S\$68.2 million. Total assets was lowered by S\$7.3 million as compared to S\$479.6 million as at 31 December 2016 mainly attributable to lower book value of investment properties and property, plant and equipment arising from translation effect of weakening RMB and depreciation expenses recorded for the current period.

### LIABILITIES

The Group's total liabilities decreased by S\$5.3 million to S\$44.4 million as at 31 March 2017 mainly due to lower income tax payable following payment made during the current period.

## REVIEW OF CASH FLOWS FOR THE PERIOD ENDED 31 MARCH 2017

Cash and cash equivalents increased to S\$68.2 million as at 31 March 2017 mainly resulting from net cash generated from operating activities of S\$9.4 million, net of cash used for capital expenditure in 1Q2017.

**9. Where a forecast, or a prospect statement, has been previously disclosed to shareholders, any variance between it and the actual results**

Not applicable.

**10. A commentary at the date of the announcement of the competitive conditions of the industry in which the group operates and any known factors or events that may affect the group in the next reporting period and the next 12 months**

The leasing demand for office spaces in Shanghai remains positive due to the stable economic background, but is outweighed by new supply of office spaces. The supply of new office spaces in Shanghai is expected to peak in 2017 according to a report published by Colliers International. This will place some pressure on the rental yield of our office tower. The outlook for our hotel operations remains stable supported by increased visitor arrivals in Shanghai. Going forward, the Group will continue to drive on yield strategy and improve cost efficiency to enhance its operating performance.

**11. Dividend**

**(a) Current Financial Period Reported On**

Any dividend declared for the current financial period reported on? No

**(b) Corresponding Period of the Immediately Preceding Financial Year**

Any dividend declared for the corresponding period of the immediately preceding financial year? No

**(c) Date payable**

Not applicable.

**(d) Books closure date**

Not applicable.

**12. If no dividend has been declared/recommendeded, a statement to that effect**

No interim dividend has been declared for the first quarter ended 31 March 2017.

**13. Interested persons transactions disclosure**

There is no relevant interested person transaction entered into during the 3-month period ended 31 March 2017.

**PART II - ADDITIONAL INFORMATION REQUIRED FOR FULL YEAR ANNOUNCEMENT**

**(This part is not applicable to Q1, Q2, Q3 or Half Year Results)**

**14. Segmented revenue and results for business or geographical segments (of the group) in the form presented in the issuer's most recently audited annual financial statements, with comparative information for the immediately preceding year**

Not applicable.

**15. In the review of performance, the factors leading to any material changes in contributions to turnover and earnings by the business or geographical segments**

Not applicable.

**16. A breakdown of sales**

Not applicable.

**17. A breakdown of the total annual dividend (in dollar value) for the issuer's latest full year and its previous full year**

Not applicable.

**18. Confirmation pursuant to the rule 705(5) of the listing manual**

We, Frankle (Djafar) Widjaja and Chew Yow Foo, being two directors of Bund Center Investment Ltd (the "Company"), do hereby confirm on behalf of the directors of the Company that, to the best of their knowledge, nothing has come to their attention which would render the first quarter ended 31 March 2017 unaudited financial results to be false or misleading.

On behalf of the board of directors

Frankle (Djafar) Widjaja  
Director

Chew Yow Foo  
Director

**19. Confirmation pursuant to the rule 720(1) of the listing manual**

The Company confirms that it has procured undertakings from all its directors and executive officers in the form set out in Appendix 7.7 under Rule 720(1) of the Listing Manual.

**BY ORDER OF THE BOARD**

Frankle (Djafar) Widjaja  
Director  
15 May 2017

# # #

Submitted by Kimberley Lye Chor Mei, Company Secretary on 15 May 2017 to the SGX