



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 2018

	1st Qtr 2018 <u>S\$'000</u>	1st Qtr 2017 <u>S\$'000</u>	Change %
Revenue	28,683	29,889	(4.0)
Cost of sales	<u>(14,441)</u>	<u>(14,256)</u>	1.3
Gross profit	<u>14,242</u>	<u>15,633</u>	(8.9)
Operating expenses			
Selling expenses	<u>(1,377)</u>	<u>(1,577)</u>	(12.7)
General and administrative expenses	<u>(5,065)</u>	<u>(5,077)</u>	(0.2)
Total operating expenses	<u>(6,442)</u>	<u>(6,654)</u>	(3.2)
Operating profit	7,800	8,979	(13.1)
Financial income	593	398	49.0
Financial expenses	(2)	(2)	-
Other operating income	<u>2,187</u>	<u>3,044</u>	(28.2)
Profit before income tax	<u>10,578</u>	<u>12,419</u>	(14.8)
Income tax	<u>(3,285)</u>	<u>(4,080)</u>	(19.5)
Total profit for the period	<u>7,293</u>	<u>8,339</u>	(12.5)
Profit for the period attributable to:			
Owners of the Company	7,095	8,025	(11.6)
Non-controlling interests	<u>198</u>	<u>314</u>	(36.9)
	<u>7,293</u>	<u>8,339</u>	(12.5)

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 2018**

	1st Qtr 2018 <u>S\$'000</u>	1st Qtr 2017 <u>S\$'000</u>
Total profit for the period	7,293	8,339
Other comprehensive income/(loss):		
<u>Items that may be reclassified subsequently to the profit or loss:</u>		
Foreign currency differences on consolidation, net of tax	5,835	(10,321)
Total comprehensive income/(loss) for the period	<u>13,128</u>	<u>(1,982)</u>
Total comprehensive income/(loss) for the period attributable to:		
Owners of the Company	12,696	(1,905)
Non-controlling interests	432	(77)
	<u>13,128</u>	<u>(1,982)</u>

ADDITIONAL INFORMATION

	1st Qtr 2018 <u>S\$'000</u>	1st Qtr 2017 <u>S\$'000</u>	Change %
Earnings before tax, non-controlling interests, interest on borrowings, depreciation and amortisation and foreign exchange loss ("EBITDA")	16,390	18,403	(10.9)
Interest on borrowings	(2)	(2)	-
Depreciation and amortisation	(5,532)	(5,582)	(0.9)
Foreign exchange loss	(278)	(400)	(30.5)
Profit before income tax	<u>10,578</u>	<u>12,419</u>	(14.8)

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 31/03/2018 <u>S\$'000</u>	As at 31/12/2017 <u>S\$'000</u>	As at 31/03/2018 <u>S\$'000</u>	As at 31/12/2017 <u>S\$'000</u>
<u>Assets</u>				
Current Assets				
Cash and cash equivalents	101,658	93,904	40	89
Short-term investments	1,346	1,369	-	-
Trade receivables and other current assets	4,723	4,340	13,267	13,513
Inventories, at cost	432	433	-	-
	108,159	100,046	13,307	13,602
Non-Current Assets				
Interest in subsidiaries	-	-	410,659	410,659
Investment properties	212,468	212,454	-	-
Property, plant and equipment	168,318	168,042	-	-
Deferred tax assets	4,521	4,527	-	-
Deferred charges	614	610	-	-
	385,921	385,633	410,659	410,659
Total Assets	494,080	485,679	423,966	424,261
<u>Liabilities and Equity</u>				
Current Liabilities				
Trade and other payables	24,128	28,672	321	321
Income tax payable	5,222	6,836	-	-
Obligations under finance lease	70	70	-	-
	29,420	35,578	321	321
Non-Current Liabilities				
Long-term liabilities	11,722	10,418	-	-
Obligations under finance lease	146	163	-	-
Deferred tax liabilities	2,380	2,236	-	-
	14,248	12,817	-	-
Total Liabilities	43,668	48,395	321	321
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	49,599	43,998	-	-
Retained earnings	43,644	36,549	14,478	14,773
	433,946	421,250	423,645	423,940
Non-Controlling Interests	16,466	16,034	-	-
Total Equity	450,412	437,284	423,645	423,940
Total Liabilities and Equity	494,080	485,679	423,966	424,261

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

	As at 31/03/2018			As at 31/12/2017		
	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	146	-	146	163	-	163
Total	216	-	216	233	-	233

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 2018**

	1st Qtr 2018 S\$'000	1st Qtr 2017 S\$'000
Cash flows from operating activities		
Profit before income tax	10,578	12,419
Adjustments for:		
Depreciation of property, plant and equipment	2,427	2,536
Depreciation of investment properties	3,099	3,040
Amortisation of deferred charges	6	6
Allowance for impairment loss on trade receivables	17	-
Changes in fair value of financial assets at fair value through profit or loss	43	-
Receivables written off	-	45
Interest income	(593)	(398)
Interest expense	2	2
Unrealised foreign exchange loss	46	944
Operating cash flows before working capital changes	15,625	18,594
Changes in working capital:		
Trade receivables and other current assets	(382)	(424)
Inventories	1	(11)
Trade and other payables	(4,336)	(1,582)
Cash generated from operations	10,908	16,577
Income tax paid	(4,778)	(7,545)
Interest received	575	396
Interest paid	(2)	(2)
Net cash from operating activities	6,703	9,426

**UNAUDITED CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE PERIOD ENDED 31 MARCH 2018 (cont'd)**

	1st Qtr 2018 S\$'000	1st Qtr 2017 S\$'000
Cash flows from investing activities		
Capital expenditure on property, plant and equipment	(251)	(159)
Payments for deferred expenditure	-	(4)
Net cash used in investing activities	(251)	(163)
Cash flows from financing activities		
Repayments of obligations under finance lease	(17)	(17)
Net cash used in financing activities	(17)	(17)
Net increase in cash and cash equivalents	6,435	9,246
Cash and cash equivalents at beginning of the period	93,904	60,553
Effect of exchange rate changes on balances of cash held in foreign currencies	1,319	(1,567)
Cash and cash equivalents at end of the period	101,658	68,232

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

<u>The Company</u>	Share Capital S\$'000	Share Premium S\$'000	Treasury Shares S\$'000	Retained Earnings S\$'000	Total S\$'000
Balance as at 1 Jan 2018	105,784	304,881	(1,498)	14,773	423,940
Total comprehensive loss for the period	-	-	-	(295)	(295)
Balance as at 31 Mar 2018	<u>105,784</u>	<u>304,881</u>	<u>(1,498)</u>	<u>14,478</u>	<u>423,645</u>
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>

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

The Group	← Attributable to Owners of the Company →							Total	Non-Controlling Interests	Total Equity
	Share Capital	Share Premium	Treasury Shares	Asset Revaluation Reserve	Merger Reserve	Foreign Currency Translation Reserve	Retained Earnings			
	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 2018	105,784	304,881	(1,498)	65,175	(133,639)	43,998	36,549	421,250	16,034	437,284
Profit for the period	-	-	-	-	-	-	7,095	7,095	198	7,293
Other comprehensive income for the period – Foreign currency translation differences on consolidation	-	-	-	-	-	5,601	-	5,601	234	5,835
Total comprehensive income for the period	-	-	-	-	-	5,601	7,095	12,696	432	13,128
Balance as at 31 Mar 2018	105,784	304,881	(1,498)	65,175	(133,639)	49,599	43,644	433,946	16,466	450,412
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 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

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 the number of shares that may be issued on conversion of all the outstanding convertibles, if any, against the total number of issued shares excluding treasury shares and subsidiary holdings 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. State also the number of shares held as treasury shares and the number of subsidiary holdings, if any, and the percentage of the aggregate number of treasury shares and subsidiary holdings held against the total number of shares outstanding in a class that is listed 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 2017. The details of the Company's issued and paid-up share capital are as follows:

	As at 31 Mar 2018	As at 31 Dec 2017
Number of issued and paid-up share capital (excluding treasury shares)	758,768,832	758,768,832
Number/Percentage of treasury shares	1,721,027 / 0.23%	1,721,027 / 0.23%

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 2018 and 31 December 2017 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 2017.

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 2017.

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 2018. 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 2018	1st Qtr 2017
SGD0.94 cents	SGD1.06 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 2018	As at 31 Dec 2017	As at 31 Mar 2018	As at 31 Dec 2017
S\$0.57	S\$0.56	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 2018 <u>S\$'000</u>	1st Qtr 2017 <u>S\$'000</u>	Change %
Revenue from:			
Hotel	14,715	15,167	(3.0)
Property leasing	<u>13,968</u>	<u>14,722</u>	(5.1)
Total revenue	<u>28,683</u>	<u>29,889</u>	(4.0)
Gross Profit from:			
Hotel	6,301	7,337	(14.1)
Property leasing	<u>7,941</u>	<u>8,296</u>	(4.3)
Total gross profit	<u>14,242</u>	<u>15,633</u>	(8.9)
Gross Profit Margin			
Hotel	42.8%	48.4%	(5.6)
Property leasing	56.9%	56.4%	0.5
Overall	<u>49.7%</u>	<u>52.3%</u>	(2.6)

REVIEW OF PERFORMANCE FOR THE PERIOD ENDED 31 MARCH 2018

The Group recorded revenue and EBITDA of S\$28.7 million and S\$16.4 million respectively for the 3-month period ended 31 March 2018 ("1Q2018") as compared to S\$29.9 million and S\$18.4 million respectively in the corresponding period in 2017 ("1Q2017").

REVENUE

The Group's revenue decreased by S\$1.2 million or 4.0% in 1Q2018 mainly attributable to the lower leasing income. Leasing income decreased by 5.1% to S\$14.0 million in 1Q2018 mainly due to lower average leasing occupancy rate for our retail complex. The challenging operating environment in Ningbo has affected our leasing activities and resulted in higher vacancy rate in 1Q2018.

Hotel revenue lowered by 3.0% to S\$14.7 million in 1Q2018 primarily due to lower revenue from its food and beverages operations. Average occupancy rate and average room rate remained high at 79.6% and RMB1,159 respectively in 1Q2018 as compared to 78.9% and RMB1,188 respectively in 1Q2017.

GROSS PROFIT

The Group's gross profit decreased by 8.9% to S\$14.2 million in 1Q2018 mainly due to lower revenue recorded, while certain expenses in cost of sales, such as depreciation expenses, had remained fairly constant. Consequently, the Group's gross profit margin decreased from 52.3% in 1Q2017 to 49.7% in 1Q2018.

OPERATING EXPENSES

Selling expenses of S\$1.4 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 3.2% from S\$6.7 million in 1Q2017 to S\$6.4 million mainly due to lower agent commission incurred.

FINANCIAL INCOME

Financial income increased from S\$0.4 million in 1Q2017 to S\$0.6 million in the current period mainly in line with higher 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. Net other operating income was lower at S\$2.2 million in 1Q2018 mainly due to lower business assistance grants received in 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 lowered at S\$3.3 million in 1Q2018 in line with lower taxable profit recorded in certain subsidiaries.

REVIEW OF FINANCIAL POSITION AS AT 31 MARCH 2018

ASSETS

The Group's total assets of S\$494.1 million mainly consist of investment properties of S\$212.5 million; property, plant and equipment of S\$168.3 million and cash and cash equivalents of S\$101.7 million. Total assets increased by S\$8.4 million as compared to S\$485.7 million as at 31 December 2017 mainly attributable to higher cash and cash equivalents.

LIABILITIES

The Group's total liabilities decreased by S\$4.7 million to S\$43.7 million as at 31 March 2018 mainly due to lower trade and other payables, as well as lower income tax payable following payments made during the current period.

REVIEW OF CASH FLOWS FOR THE PERIOD ENDED 31 MARCH 2018

Cash and cash equivalents increased to S\$101.7 million as at 31 March 2018 mainly resulting from net cash generated from operating activities of S\$6.7 million, net of cash used for capital expenditure in 1Q2018.

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 outlook for our hotel operations remains stable supported by increased visitor arrivals in Shanghai and meetings, incentive, conventions and exhibitions (MICE) activities. The operating environment for our leasing operations remains challenging in view of the increase in supply of new office in Shanghai and highly competitive retail industry in Ningbo. The Group will continue to adopt flexible marketing strategies to improve rental yield and 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/recommended, a statement to that effect

No interim dividend has been declared for the first quarter ended 31 March 2018.

13. Interested persons transactions disclosure

There is no relevant interested person transaction entered into during the 3-month period ended 31 March 2018.

**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 2018 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
14 May 2018

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Submitted by Kimberley Lye Chor Mei, Company Secretary on 14 May 2018 to the SGX