



BUND CENTER INVESTMENT LTD

First Quarter Financial Statement And Dividend Announcement

A Condensed interim consolidated income statement and consolidated statement of comprehensive income

**UNAUDITED CONSOLIDATED INCOME STATEMENT
FOR THE PERIOD ENDED 31 MARCH 2023**

	Note	1st Qtr 2023 S\$'000	1st Qtr 2022 S\$'000	Change %
Revenue	E4	18,939	18,169	4.2
Cost of sales		<u>(11,504)</u>	<u>(12,256)</u>	(6.1)
Gross profit		<u>7,435</u>	<u>5,913</u>	25.7
Operating expenses				
Selling expenses		(678)	(1,364)	(50.3)
General and administrative expenses		<u>(4,083)</u>	<u>(3,894)</u>	4.9
Total operating expenses		<u>(4,761)</u>	<u>(5,258)</u>	(9.5)
Operating profit		2,674	655	308.2
Finance income		1,201	1,158	3.7
Other operating income		<u>1,274</u>	<u>2,450</u>	(48.0)
Profit before income tax	E5	<u>5,149</u>	<u>4,263</u>	20.8
Income tax	E6	<u>(2,414)</u>	<u>(1,826)</u>	32.2
Total profit for the period		<u>2,735</u>	<u>2,437</u>	12.2
Profit for the period attributable to:				
Owners of the Company		2,621	2,358	11.2
Non-controlling interests		<u>114</u>	<u>79</u>	44.3
		<u>2,735</u>	<u>2,437</u>	12.2

A Condensed interim consolidated income statement and consolidated statement of comprehensive income (cont'd)

**UNAUDITED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE PERIOD ENDED 31 MARCH 2023**

	1st Qtr 2023 <u>S\$'000</u>	1st Qtr 2022 <u>S\$'000</u>
Total profit for the period	2,735	2,437
Other comprehensive income		
<i>Item that may be reclassified subsequently to profit or loss:</i>		
Foreign currency differences on consolidation, net of tax	<u>2,648</u>	<u>2,378</u>
Total comprehensive income for the period	<u>5,383</u>	<u>4,815</u>
Total comprehensive income attributable to:		
Owners of the Company	5,196	4,659
Non-controlling interests	<u>187</u>	<u>156</u>
	<u>5,383</u>	<u>4,815</u>

ADDITIONAL INFORMATION

	1st Qtr 2023 <u>S\$'000</u>	1st Qtr 2022 <u>S\$'000</u>	Change <u>%</u>
Earnings before income tax, non-controlling interests, interest on borrowings, depreciation and amortisation and foreign exchange loss, ("EBITDA")	10,859	10,124	7.3
Depreciation and amortisation	(5,241)	(5,690)	(7.9)
Foreign exchange loss	<u>(469)</u>	<u>(171)</u>	174.3
Profit before income tax	<u>5,149</u>	<u>4,263</u>	20.8

B Condensed interim statements of financial position

UNAUDITED STATEMENTS OF FINANCIAL POSITION

	Note	Group		Company	
		As at		As at	
		31/03/2023	31/12/2022	31/03/2023	31/12/2022
		S\$'000	S\$'000	S\$'000	S\$'000
Assets					
Current Assets					
Cash and cash equivalents		158,588	150,631	761	767
Trade receivables and other current assets		9,338	9,113	12,831	12,977
Inventories, at cost		299	310	-	-
		<u>168,225</u>	<u>160,054</u>	<u>13,592</u>	<u>13,744</u>
Non-Current Assets					
Interest in subsidiaries		-	-	410,659	410,659
Investment properties		150,660	152,811	-	-
Property, plant and equipment		118,042	119,191	-	-
Deferred tax assets		2,878	2,930	-	-
Deferred charges		467	470	-	-
		<u>272,047</u>	<u>275,402</u>	<u>410,659</u>	<u>410,659</u>
Total Assets		<u>440,272</u>	<u>435,456</u>	<u>424,251</u>	<u>424,403</u>
Liabilities and Equity					
Current Liabilities					
Trade and other payables		15,771	16,322	891	867
Income tax payable		1,880	1,844	-	-
		<u>17,651</u>	<u>18,166</u>	<u>891</u>	<u>867</u>
Non-Current Liabilities					
Long-term liabilities		11,417	11,974	-	-
Deferred tax liabilities		5,178	4,673	-	-
		<u>16,595</u>	<u>16,647</u>	<u>-</u>	<u>-</u>
Total Liabilities		<u>34,246</u>	<u>34,813</u>	<u>891</u>	<u>867</u>
Equity Attributable to Owners of the Company					
Share capital	E9	105,784	105,784	105,784	105,784
Share premium		304,881	304,881	304,881	304,881
Treasury shares	E9	(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		22,863	20,288	-	-
Retained earnings		28,165	25,544	14,193	14,369
		<u>391,731</u>	<u>386,535</u>	<u>423,360</u>	<u>423,536</u>
Non-Controlling Interests		14,295	14,108	-	-
Total Equity		<u>406,026</u>	<u>400,643</u>	<u>423,360</u>	<u>423,536</u>
Total Liabilities and Equity		<u>440,272</u>	<u>435,456</u>	<u>424,251</u>	<u>424,403</u>

C Condensed interim statements of changes in equity

UNAUDITED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE PERIOD ENDED 31 MARCH 2023

The Group	← 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 2023	105,784	304,881	(1,498)	65,175	(133,639)	20,288	25,544	386,535	14,108	400,643
Profit for the period	-	-	-	-	-	-	2,621	2,621	114	2,735
Other comprehensive income for the period – Foreign currency translation	-	-	-	-	-	2,575	-	2,575	73	2,648
Total comprehensive income for the period	-	-	-	-	-	2,575	2,621	5,196	187	5,383
Balance as at 31 Mar 2023	105,784	304,881	(1,498)	65,175	(133,639)	22,863	28,165	391,731	14,295	406,026
Balance as at 1 Jan 2022	105,784	304,881	(1,498)	65,175	(133,639)	57,321	49,526	447,550	16,396	463,946
Profit for the period	-	-	-	-	-	-	2,358	2,358	79	2,437
Other comprehensive income for the period – Foreign currency translation	-	-	-	-	-	2,301	-	2,301	77	2,378
Total comprehensive income for the period	-	-	-	-	-	2,301	2,358	4,659	156	4,815
Balance as at 31 Mar 2022	105,784	304,881	(1,498)	65,175	(133,639)	59,622	51,884	452,209	16,552	468,761

The Company	Share Capital	Share Premium	Treasury Shares	Retained Earnings	Total
	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000
Balance as at 1 Jan 2023	105,784	304,881	(1,498)	14,369	423,536
Total comprehensive loss for the period	-	-	-	(176)	(176)
Balance as at 31 Mar 2023	105,784	304,881	(1,498)	14,193	423,360
Balance as at 1 Jan 2022	105,784	304,881	(1,498)	14,588	423,755
Total comprehensive loss for the period	-	-	-	(16)	(16)
Balance as at 31 Mar 2022	105,784	304,881	(1,498)	14,572	423,739

D Condensed interim consolidated statements of cash flows

UNAUDITED CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE PERIOD ENDED 31 MARCH 2023

	1st Qtr 2023 <u>S\$'000</u>	1st Qtr 2022 <u>S\$'000</u>
Cash flows from operating activities		
Profit for the period	2,735	2,437
Adjustments for:		
Depreciation of property, plant and equipment	2,145	2,337
Depreciation of investment properties	3,090	3,347
Amortisation of deferred charges	6	6
Allowance for impairment loss on trade receivables	3	2
Gain on disposal of property, plant and equipment	(114)	-
Property, plant and equipment written off	2	-
Interest income	(1,201)	(1,158)
Unrealised foreign exchange loss	776	56
Income tax expenses	2,414	1,826
Operating cash flows before working capital changes	9,856	8,853
Changes in working capital:		
Trade receivables and other current assets	(222)	(1,079)
Inventories	11	(7)
Trade and other payables	(1,108)	2,223
Cash generated from operations	8,537	9,990
Income tax paid	(2,111)	(2,627)
Interest received	1,195	1,170
Net cash from operating activities	7,621	8,533
Cash flows from investing activities		
Capital expenditure on property, plant and equipment	(385)	(203)
Capital expenditure on investment properties	(143)	(261)
Proceeds from disposal of property, plant and equipment	120	-
Net cash used in investing activities	(408)	(464)
Net increase in cash and cash equivalents	7,213	8,069
Cash and cash equivalents at beginning of the period	150,631	174,484
Effect of exchange rate changes on balances of cash held in foreign currencies	744	789
Cash and cash equivalents at end of the period	158,588	183,342

E Notes to the condensed interim consolidated financial statements

1 Corporate information

Bund Center Investment Ltd (the “Company”) is listed on the Singapore Exchange and was incorporated on 5 August 2009 under the Companies Act 1981 of Bermuda as an exempted company with limited liability. The registered office of the Company is at Clarendon House, 2 Church Street, Hamilton HM 11, Bermuda and the principal places of business of the Group are located at Shanghai and Ningbo, the People’s Republic of China (“PRC”). The Company is principally engaged as an investment holding company. These condensed interim consolidated financial statements as at and for the first quarter ended 31 March 2023 comprise the condensed financial statements of the Company and its subsidiaries (the “Group”).

2 Basis of preparation

The condensed interim consolidated financial statements of the Group for first quarter ended 31 March 2023, have been prepared in accordance with International Accounting Standard (“IAS”) 34, *Interim Financial Reporting*.

The condensed interim consolidated financial statements do not include all the information required for a complete set of financial statements. However, selected explanatory notes are included to explain events and transactions that are significant to an understanding of the changes in the Group’s financial position and performance since the last annual financial statements for the year ended 31 December 2022.

The condensed interim consolidated financial statements are presented in Singapore dollars and have been rounded to the nearest thousand (S\$’000) unless otherwise indicated.

2.1 New and revised International Financial Reporting Standards (“IFRSs”)

The accounting policies adopted are consistent with those of the previous financial year which were prepared in accordance with the IFRSs, except for the adoption of new and revised IFRSs effective for annual periods beginning on 1 January 2023. The adoption of the new and revised IFRSs has had no material financial impact on the condensed interim financial statements of the Group. The Group has not early adopted any other new and revised IFRSs that have been issued but are not yet effective.

2.2 Use of judgement and estimates

In preparing the condensed interim financial statements, management has made judgements, estimates and assumptions that affect the application of the Group’s accounting policies and the reported amounts of assets, liabilities, income and expenses. Although these estimates are based on management’s best knowledge of current events and actions, actual results may actually differ from these estimates. The significant judgements made in applying the Group’s accounting policies and the key sources of estimation uncertainty were the same as those that applied to the consolidated financial statements as at and for the year ended 31 December 2022.

Estimates and underlying assumptions are reviewed on an ongoing basis. Financial impact arising from revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

3 Seasonal operations

The Group’s businesses are not affected significantly by seasonal or cyclical factors during the financial period.

4 Segment and revenue information

An analysis of the Group’s revenue for the year disaggregated by type of revenue streams and by reportable segments is as follows:

	Group	
	<u>1st Qtr 2023</u>	<u>1st Qtr 2022</u>
	S\$’000	S\$’000
Property leasing income	10,057	12,760
Hotel revenue	8,882	5,409
	<u>18,939</u>	<u>18,169</u>

E Notes to the condensed interim consolidated financial statements (cont'd)

4 Segment and revenue information (cont'd)

	<u>Segment Profit</u>	
	<u>1st Qtr 2023</u> S\$'000	<u>1st Qtr 2022</u> S\$'000
Property leasing	8,671	11,162
Hotel	1,788	(1,412)
	<u>10,459</u>	<u>9,750</u>
Depreciation and amortisation expenses	(5,241)	(5,690)
Interest income	1,201	1,158
Foreign exchange loss	(469)	(171)
Certain administrative expenses not allocated	(801)	(784)
Profit before income tax	<u>5,149</u>	<u>4,263</u>

	<u>As at 31 March 2023</u>	
	<u>Segment assets</u> S\$'000	<u>Segment liabilities</u> S\$'000
Hotel	121,002	3,284
Property leasing	317,154	44,654
Total segment assets/ liabilities	<u>438,156</u>	<u>47,938</u>
Other unallocated assets/ liabilities	407,254	391,719
Elimination of inter-segment receivables/payables	(405,138)	(405,411)
Total assets/liabilities	<u>440,272</u>	<u>34,246</u>

5 Profit before income tax

Significant items

	<u>1st Qtr 2023</u> S\$'000	<u>1st Qtr 2022</u> S\$'000
Depreciation of investment properties	3,090	3,347
Depreciation of property, plant and equipment	2,145	2,337
Foreign exchange loss	469	171

Related party transactions

There are no material related party transactions during the financial period.

6 Income tax

	<u>1st Qtr 2023</u> S\$'000	<u>1st Qtr 2022</u> S\$'000
Current income tax expense	1,842	1,561
Deferred income tax expense	572	265
	<u>2,414</u>	<u>1,826</u>

E Notes to the condensed interim consolidated financial statements (cont'd)

7 Earnings per share

Earnings per ordinary share for the period:-

(i) Based on weighted average number of ordinary shares

- Weighted average numbers of shares

(ii) On a fully diluted basis

<u>1st Qtr 2023</u>	<u>1st Qtr 2022</u>
SGD0.35cents	SGD0.31cents
758,768,832	758,768,832
Not applicable	Not applicable

8 Net asset value per share

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

The Group		The Company	
As at 31 Mar 2023	As at 31 Dec 2022	As at 31 Mar 2023	As at 31 Dec 2022
S\$0.54	S\$0.53	S\$0.56	S\$0.56

9 Share Capital and Treasury Shares

Group and Company

	<u>No. of ordinary shares</u>		<u>Amount</u>	
	<u>Issued share capital</u>	<u>Treasury shares</u>	<u>Share capital</u> S\$'000	<u>Treasury shares</u> S\$'000
Balance as at 31 December 2022 and 31 March 2023	<u>760,489,859</u>	<u>(1,721,027)</u>	<u>105,784</u>	<u>(1,498)</u>

There were no movements in the Company's issued capital since 31 December 2022.

F Other information required by Listing Rule Appendix 7.2

1 Review

The condensed interim consolidated statement of financial position of Bund Center Investment Ltd (the "Company") and its subsidiaries as at 31 March 2023 and the related condensed consolidated income statements and statement of other comprehensive income, condensed statement of changes in equity and condensed statement of cash flows for the first quarter then ended and certain explanatory notes have not been audited or reviewed.

2 Review of performance of the Group

Revenue and gross profit breakdown by segment:

	<u>1st Qtr 2023</u> <u>S\$'000</u>	<u>1st Qtr 2022</u> <u>S\$'000</u>	<u>Change</u> <u>%</u>
Revenue from:			
Property leasing	10,057	12,760	(21.2)
Hotel	<u>8,882</u>	<u>5,409</u>	64.2
Total revenue	<u>18,939</u>	<u>18,169</u>	4.2
Gross Profit/(Loss) from:			
Property leasing	4,668	6,769	(31.0)
Hotel	<u>2,767</u>	<u>(856)</u>	n.m.
Total gross profit	<u>7,435</u>	<u>5,913</u>	25.7
Gross Profit/(Loss) Margin			
Property leasing	46.4%	53.0%	(6.6)
Hotel	31.2%	(15.8%)	47.0
Overall	<u>39.3%</u>	<u>32.5%</u>	6.8

Note: n.m.- not meaningful.

F Other information required by Listing Rule Appendix 7.2 (cont'd)

REVIEW OF PERFORMANCE FOR THE PERIOD ENDED 31 MARCH 2023

The easing of the stringent “zero-Covid” restrictions and scraping of COVID-19 quarantine rules for entry into China in last December have positively impacted the business and operating environment in China, particularly for the tourism and hospitality industry. Accordingly, the Group recorded a higher revenue at S\$18.9 million for the three-month period ended 31 March 2023 (“1Q2023”), with EBITDA and net profit higher at S\$10.9 million and S\$2.7 million respectively as compared to S\$10.1 million and S\$2.4 million respectively in the previous corresponding period (“1Q2022”).

REVENUE

Revenue of the Group increased from S\$18.2 million in 1Q2022 to S\$18.9 million, mainly attributable to the higher hotel revenue. Despite the lower average translation rate of Chinese Renminbi (“RMB”) to SGD during the current period, hotel revenue increased by 64.2% from S\$5.4 million in 1Q2022 to S\$8.9 million in the current period. This was mainly due to higher hotel occupancy and room rates due to higher demand following the easing of the government’s zero-tolerance policy in fighting the COVID-19 virus. In addition, the resumption of exhibition and convention activities also contributed to the higher hotel revenue for the current period.

Leasing income from both our retail complex and office tower decreased from S\$12.8 million in 1Q2022 to S\$10.1 million in the current period. This was mainly affected by lower translation rate of RMB to SGD during the current period, coupled with lower average occupancy rate in view of the highly competitive operating environment.

GROSS PROFIT

The Group’s gross profit increased from S\$5.9 million in 1Q2022 to S\$7.4 million in the current period mainly contributed by higher hotel revenue. Accordingly, the Group’s gross profit margin improved from 32.5% in 1Q2022 to 39.3%.

OPERATING EXPENSES

Total operating expenses decreased from S\$5.3 million in 1Q2022 to S\$4.8 million in the current period. Selling expenses decreased by S\$0.7 million in the current period mainly due to lower agent commission expenses incurred for new tenancy contracts. General and administrative expenses increased by S\$0.2 million in the current period mainly due to higher management fees payable to hotel operator in line with higher hotel revenue.

OTHER OPERATING INCOME

Net other operating income mainly comprised business assistance grants, advertising income and other miscellaneous income, net of foreign exchange loss and donation made. Net other operating income decreased from S\$2.5 million in 1Q2022 to S\$1.3 million in the current period, 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 was higher at S\$2.4 million in 1Q2023 mainly in line with higher taxable income in certain subsidiaries, as well as higher deferred tax expenses recorded.

F Other information required by Listing Rule Appendix 7.2 (cont'd)

REVIEW OF FINANCIAL POSITION AS AT 31 MARCH 2023

ASSETS

The Group's total assets of S\$440.3 million mainly consist of investment properties of S\$150.7 million; property, plant and equipment of S\$118.0 million and cash and cash equivalents of S\$158.6 million. Total assets increased by S\$4.8 million as compared to S\$435.5 million as at 31 December 2022 mainly attributable to higher cash and cash equivalents generated from its operating activities.

LIABILITIES

As compared to the previous year end, the Group's total liabilities decreased by S\$0.6 million to S\$34.2 million as at 31 March 2023 mainly due to lower trade payables following repayment made during the current period.

REVIEW OF CASH FLOWS FOR THE PERIOD ENDED 31 MARCH 2023

The Group recorded a net cash generated from operating activities of S\$7.6 million in the current period as compared to S\$8.5 million in the previous corresponding period. This was mainly due to higher settlement of trade payables despite improved operating performance for the current period.

Net cash used in investing activities of S\$0.4 million related to capital expenditure incurred on fixed assets and properties.

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

Not applicable.

3A Where the latest financial statements are subject to an adverse opinion, qualified opinion or disclaimer of opinion, (a) updates on the efforts taken to resolve each outstanding audit issue; (b) confirmation from the Board that the impact of all outstanding audit issues on the financial statements have been adequately disclosed. This is not required for any audit issue that is a material uncertainty relating to going concern

Not applicable.

4 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

China lifted COVID-19 restrictions/quarantine for international travellers on 8 January 2023. The downgraded COVID control measures kick started the economy recovery as Shanghai is now gradually operating as usual. The Group will continue its flexible strategy to capture the expected rebound in the hospitality market include focusing on the hotel's distinctive well-being program and local attractions for both domestic and overseas market. The Group will also continue to monitor the business developments and adjusting its business strategies on attracting potential tenants and retaining existing tenants for its investment properties.

F Other information required by Listing Rule Appendix 7.2 (cont'd)

5 Dividend

(a) Current Financial Period Reported On

No dividend has been declared for the first quarter ended 31 March 2023 as the Company generally reviews its dividend policy at the end of the financial year.

(b) Corresponding Period of the Immediately Preceding Financial Year

No dividend has been declared for the first quarter ended 31 March 2022.

6 Interested persons transactions disclosure

There is no relevant interested persons transaction entered into during the first quarter ended 31 March 2023.

7 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.

8 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 2023 unaudited financial results to be false or misleading.

On behalf of the board of directors

Frankle (Djafar) Widjaja
Director

Chew Yow Foo
Director

BY ORDER OF THE BOARD

Frankle (Djafar) Widjaja
Director
12 May 2023

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Submitted by Kimberley Lye Chor Mei, Company Secretary on 12 May 2023 to the SGX