



**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 2014**

	<b>1st Qtr 2014 S\$'000</b>	<b>1st Qtr 2013 S\$'000</b>	<b>Change %</b>
Revenue	29,748	26,951	10.4
Cost of sales	<u>(15,026)</u>	<u>(14,679)</u>	2.4
Gross profit	<u>14,722</u>	<u>12,272</u>	20.0
Operating expenses			
Selling expenses	(1,235)	(1,137)	8.6
General and administrative expenses	<u>(5,062)</u>	<u>(4,743)</u>	6.7
Total operating expenses	<u>(6,297)</u>	<u>(5,880)</u>	7.1
Operating profit	8,425	6,392	31.8
Financial income	1,568	945	65.9
Financial expenses	(204)	(265)	(23.0)
Other operating (expenses)/income, net	<u>(1,875)</u>	<u>2,039</u>	n.m.
Profit before income tax	7,914	9,111	(13.1)
Income tax	<u>(2,817)</u>	<u>(2,256)</u>	24.9
Total profit for the period	<u><u>5,097</u></u>	<u><u>6,855</u></u>	(25.6)
Attributable to:			
Owners of the Company	4,857	6,655	(27.0)
Non-controlling interests	<u>240</u>	<u>200</u>	20.0
	<u><u>5,097</u></u>	<u><u>6,855</u></u>	(25.6)

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 2014**

	<b>1st Qtr 2014 <u>S\$'000</u></b>	<b>1st Qtr 2013 <u>S\$'000</u></b>
Total profit for the period	5,097	6,855
<b>Other comprehensive income:</b>		
<u>Items that may be reclassified subsequently to the profit or loss:</u>		
Foreign currency translation differences on consolidation	(12,988)	8,129
<b>Total comprehensive income for the period, net of tax</b>	<u>(7,891)</u>	<u>14,984</u>
<b>Total comprehensive income for the period attributable to:</b>		
Owners of the Company	(7,591)	14,422
Non-controlling interests	(300)	562
	<u>(7,891)</u>	<u>14,984</u>

**ADDITIONAL INFORMATION**

	<b>1st Qtr 2014 <u>S\$'000</u></b>	<b>1st Qtr 2013 <u>S\$'000</u></b>	<b>Change %</b>
<b>Earnings before tax, non-controlling interests, interest on borrowings, depreciation and amortisation, foreign exchange gain/(loss) and exceptional items ("EBITDA")</b>	15,549	12,691	22.5
Interest on borrowings	(204)	(265)	(23.0)
Depreciation and amortisation	(5,332)	(5,115)	4.2
Foreign exchange (loss)/gain, net	<u>(2,099)</u>	<u>1,800</u>	n.m.
Profit before income tax	<u>7,914</u>	<u>9,111</u>	(13.1)

n.m. – not meaningful

**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	
	31/03/2014	31/12/2013	31/03/2014	31/12/2013
	S\$'000	S\$'000	S\$'000	S\$'000
<b><u>Assets</u></b>				
Current Assets				
Cash and cash equivalents	66,977	20,174	535	1,369
Short-term investments	53,521	94,223	-	-
Trade receivables and other current assets	5,236	3,987	3,169	2,474
Inventories, at cost	405	431	-	-
	126,139	118,815	3,704	3,843
Non-Current Assets				
Interest in subsidiaries	-	-	410,659	410,659
Investment properties	255,738	266,423	-	-
Property, plant and equipment	198,121	206,128	-	-
Deferred tax assets	5,533	5,769	-	-
Deferred charges	700	724	-	-
	460,092	479,044	410,659	410,659
<b>Total Assets</b>	<b>586,231</b>	<b>597,859</b>	<b>414,363</b>	<b>414,502</b>
<b><u>Liabilities and Equity</u></b>				
Current Liabilities				
Trade and other payables	25,919	26,440	265	337
Income tax payable	2,705	3,826	-	-
Obligations under finance lease	19	19	-	-
	28,643	30,285	265	337
Non-Current Liabilities				
Borrowings	49,955	50,970	-	-
Long-term liabilities	10,688	11,763	-	-
Obligations under finance lease	55	60	-	-
	60,698	62,793	-	-
<b>Total Liabilities</b>	<b>89,341</b>	<b>93,078</b>	<b>265</b>	<b>337</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	(1,154)	(1,154)	(1,154)	(1,154)
Asset revaluation reserve	65,175	65,175	-	-
Merger reserve	(133,639)	(133,639)	-	-
Foreign currency translation reserve	45,709	58,157	-	-
Retained earnings	91,773	86,916	4,587	4,654
	478,529	486,120	414,098	414,165
Non-Controlling Interests	18,361	18,661	-	-
<b>Total Equity</b>	<b>496,890</b>	<b>504,781</b>	<b>414,098</b>	<b>414,165</b>
<b>Total Liabilities and Equity</b>	<b>586,231</b>	<b>597,859</b>	<b>414,363</b>	<b>414,502</b>

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

	As at 31/03/2014			As at 31/12/2013		
	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	19	-	19	19	-	19
Amount repayable after one year	50,010	-	50,010	51,030	-	51,030
<b>Total</b>	<b>50,029</b>	<b>-</b>	<b>50,029</b>	<b>51,049</b>	<b>-</b>	<b>51,049</b>

**Details of any collateral**

The secured borrowings are 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 2014**

	1st Qtr 2014 S\$'000	1st Qtr 2013 S\$'000
<b>Cash flows from operating activities</b>		
<b>Profit before income tax</b>	<b>7,914</b>	<b>9,111</b>
Adjustments for:		
Depreciation of property, plant and equipment	2,233	2,134
Depreciation of investment properties	3,092	2,974
Amortisation of deferred charges	7	7
Property, plant and equipment written off	-	1
Changes in fair value of financial assets at fair value through profit or loss	298	(60)
Interest income	(1,568)	(945)
Interest expense	204	265
Unrealised foreign exchange loss/(gain), net	3,521	(2,465)
Operating cash flows before working capital changes	15,701	11,022
Changes in working capital:		
Trade receivables and other current assets	(1,264)	(894)
Inventories	26	(41)
Trade and other payables	(1,596)	4,528
Cash generated from operations	12,867	14,615
Income tax paid	(3,707)	(2,432)
Interest received	1,583	945
Interest paid	(204)	(265)
<b>Net cash from operating activities</b>	<b>10,539</b>	<b>12,863</b>

**UNAUDITED CONSOLIDATED STATEMENT OF CASH FLOWS  
FOR THE PERIOD ENDED 31 MARCH 2014 (cont'd)**

	<b>1st Qtr 2014 <u>S\$'000</u></b>	<b>1st Qtr 2013 <u>S\$'000</u></b>
<b>Cash flows from investing activities</b>		
Payments for deferred expenditure	(4)	-
Capital expenditure on property, plant and equipment	(101)	(219)
Proceeds from investments in short-term investments	37,758	-
<b>Net cash generated from/(used in) investing activities</b>	<b><u>37,653</u></b>	<b><u>(219)</u></b>
<b>Cash flows from financing activities</b>		
Repayments of obligations under finance lease	(5)	(5)
Payments for shares buy back	-	(1,154)
<b>Net cash used in financing activity</b>	<b><u>(5)</u></b>	<b><u>(1,159)</u></b>
Net increase in cash and cash equivalents	48,187	11,485
Cash and cash equivalents at beginning of the period	20,174	90,449
Effect of exchange rate changes on balances of cash held in foreign currencies	(1,384)	1,872
<b>Cash and cash equivalents at end of the period</b>	<b><u>66,977</u></b>	<b><u>103,806</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 S\$'000</u>	<u>Share Premium S\$'000</u>	<u>Treasury Shares S\$'000</u>	<u>Retained Earnings S\$'000</u>	<u>Total S\$'000</u>
Balance as at 1 Jan 2014	105,784	304,881	(1,154)	4,654	414,165
Total comprehensive loss for the period	-	-	-	(67)	(67)
Balance as at 31 Mar 2014	<u>105,784</u>	<u>304,881</u>	<u>(1,154)</u>	<u>4,587</u>	<u>414,098</u>
Balance as at 1 Jan 2013	105,784	304,881	-	1,457	412,122
Shares buy back	-	-	(1,154)	-	(1,154)
Total comprehensive loss for the period	-	-	-	(67)	(67)
Balance as at 31 Mar 2013	<u>105,784</u>	<u>304,881</u>	<u>(1,154)</u>	<u>1,390</u>	<u>410,901</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 2014	105,784	304,881	(1,154)	65,175	(133,639)	58,157	86,916	486,120	18,661	504,781
Profit for the period	-	-	-	-	-	-	4,857	4,857	240	5,097
Other comprehensive loss for the period – Foreign currency translation differences on consolidation	-	-	-	-	-	(12,448)	-	(12,448)	(540)	(12,988)
Total comprehensive loss for the period	-	-	-	-	-	(12,448)	4,857	(7,591)	(300)	(7,891)
Balance as at 31 Mar 2014	105,784	304,881	(1,154)	65,175	(133,639)	45,709	91,773	478,529	18,361	496,890
Balance as at 1 Jan 2013	105,784	304,881	-	65,175	(133,639)	31,128	87,089	460,418	17,638	478,056
Shares buy back	-	-	(1,154)	-	-	-	-	(1,154)	-	(1,154)
Profit for the period	-	-	-	-	-	-	6,655	6,655	200	6,855
Other comprehensive income for the period – Foreign currency translation differences on consolidation	-	-	-	-	-	7,767	-	7,767	362	8,129
Total comprehensive income for the period	-	-	-	-	-	7,767	6,655	14,422	562	14,984
Balance as at 31 Mar 2013	105,784	304,881	(1,154)	65,175	(133,639)	38,895	93,744	473,686	18,200	491,886

**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**

The number of ordinary shares held as treasury shares as at 31 March 2014 and 31 December 2013 respectively was 5,184,000 ordinary shares.

There were no changes in the Company's issued share capital since 31 December 2013.

**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 2014 and 31 December 2013 respectively was 3,036,775,440 ordinary shares.

**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 2013.

**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 2013.

**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/revised International Financial Reporting Standards ("IFRS") and Interpretations to IFRS that are relevant to its operations and effective for the period beginning 1 January 2014. The adoption of these new/revised IFRS and Interpretations to IFRS 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**

	The Group	
	1st Qtr 2014	1st Qtr 2013
Earnings per ordinary share for the period after deducting any provision for preference dividends:-		
(i) Based on weighted average number of ordinary shares	SGD0.16 cents	SGD0.22 cents
- Weighted average numbers of shares	3,036,775,440	3,041,729,040
(ii) On a fully diluted basis	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**

	The Group		The Company	
	As at 31 Mar 2014	As at 31 Dec 2013	As at 31 Mar 2014	As at 31 Dec 2013
Net asset value per ordinary share	S\$0.16	S\$0.16	S\$0.14	S\$0.14

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 2014 S\$'000	1st Qtr 2013 S\$'000	Change %
<b>Revenue from:</b>			
Hotel	12,540	12,231	2.5
Property leasing	17,208	14,720	16.9
Total revenue	29,748	26,951	10.4
<b>Gross Profit from:</b>			
Hotel	4,526	4,115	10.0
Property leasing	10,196	8,157	25.0
Total gross profit	14,722	12,272	20.0
<b>Gross Profit Margin</b>			
Hotel	36.1%	33.6%	2.5
Property leasing	59.3%	55.4%	3.9
Overall	49.5%	45.5%	4.0



## **REVIEW OF PERFORMANCE FOR THE PERIOD ENDED 31 MARCH 2014**

The Group recorded revenue of S\$29.7 million for the 3-month period ended 31 March 2014 (“1Q2014”), representing an increase of 10.4% as compared to S\$27.0 million in the corresponding period in 2013 (“1Q2013”). In tandem with higher revenue, EBITDA of the Group increased by 22.5% to S\$15.5 million in 1Q2014.

### **REVENUE**

The Group’s revenue increased from S\$27.0 million in 1Q2013 to S\$29.7 million mainly attributable to higher leasing income from our Bund Center office tower. Leasing income grew by 16.9% to S\$17.2 million in 1Q2014 mainly due to increases in average leasing rate and rental rate, supported by sustained demand from multinational and domestic companies for office space for expansions and new set-ups.

Despite the challenging operating environment in the hotel sector in Shanghai, our hotel revenue increased from S\$12.2 million in 1Q2013 to S\$12.5 million. The average occupancy rate and average room rate of our hotel were higher at 63.7% and RMB1,210 respectively in 1Q2014, mainly attributable to increase in corporate travellers.

### **GROSS PROFIT**

In line with higher revenue, gross profit increased by 20.0% from S\$12.3 million to S\$14.7 million in 1Q2014. Consequently, the gross profit margin of the Group was higher at 49.5% as compared to 45.5% in 1Q2013.

### **OPERATING EXPENSES**

#### ***SELLING EXPENSES***

Selling expenses of S\$1.2 million mainly comprised advertising and promotion expenses, salaries and related expenses and marketing expenses.

#### ***GENERAL AND ADMINISTRATIVE EXPENSES***

General and administrative expenses of S\$5.1 million mainly comprised salaries and related expenses, office and hotel supplies, repair and maintenance, tax and licences fees and management fee payable to the hotel operator. The marginal increase of S\$0.3 million was mainly due to increase in repair and maintenance expenses as well as salaries and related expenses.

### **FINANCIAL INCOME**

Financial income increased from S\$0.9 million to S\$1.6 million in 1Q2014 in line with higher structured deposits placements.

### **OTHER OPERATING (EXPENSES)/INCOME, NET**

The Group recorded a net operating expenses of S\$1.9 million in 1Q2014 as compared to a net operating income of S\$2.0 million in 1Q2013. This was mainly attributable to net foreign exchange loss of S\$2.1 million recorded in 1Q2014 (1Q2013: gain of S\$1.8 million), mainly comprised unrealised translation loss arising from revaluation of United States dollar (“USD”) denominated borrowings in our Chinese subsidiary, as well as revaluation of inter-company payables in certain investment holding subsidiaries.

## INCOME TAX

Income tax is 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\$2.8 million in 1Q2014 mainly attributable to higher non-deductible expenses recorded during the current period.

## REVIEW OF FINANCIAL POSITION AS AT 31 MARCH 2014

### ASSETS

As at 31 March 2014, total assets of S\$586.2 million mainly consist of investment properties of S\$255.7 million; property, plant and equipment of S\$198.1 million; cash and cash equivalents of S\$67.0 million and short-term investments of S\$53.5 million. Comparing to total assets as at 31 December 2013, lower total assets was mainly due to lower book value for investment properties and property, plant and equipment resulted from weakening of Chinese Renminbi against SGD, net of depreciation expenses of S\$5.3 million.

### LIABILITIES

Total liabilities decreased by S\$3.7 million to S\$89.3 million as at 31 March 2014 mainly attributable to decrease in deposits received.

## REVIEW OF CASH FLOWS FOR THE PERIOD ENDED 31 MARCH 2014

Despite the improved operating results, the net cash generated from operating activities was lower at S\$10.5 million as compared to S\$12.9 million in 1Q2013. This was mainly due to settlement of payable for the refurbishment cost incurred in the previous year.

Net cash generated from investment activities of S\$37.7 million mainly related to the proceeds from redemption of structure deposits during 1Q2014. Accordingly, cash and cash equivalents increased from S\$20.2 million as at 31 December 2013 to S\$67.0 million as at 31 March 2014.

**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**

In line with the national trend, Shanghai's economy in 1Q2014 grew 7% year on year, slowing from 7.6% in the previous three months, mainly attributable to weaker industrial production. The operating environment remained highly challenging given the increase in supply of new hotel room in Shanghai, office spaces in both centralised and decentralised business areas in Shanghai and retail spaces in Ningbo. 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/recommended, a statement to that effect**

No interim dividend has been declared for the first quarter ended 31 March 2014.

**13. Interested persons transactions disclosure**

There is no relevant interested person transaction entered into during the 3-month period ended 31 March 2014.

**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 2014 unaudited financial results to be false or misleading.

**BY ORDER OF THE BOARD**

Frankle (Djafar) Widjaja  
Director  
14 May 2014

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Submitted by Kimberley Lye Chor Mei, Company Secretary on 14 May 2014 to the SGX