



BUND CENTER INVESTMENT LTD

Third 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 30 SEPTEMBER 2019

| | Ytd Sept 2019 S\$'000 | Ytd Sept 2018 S\$'000 | Change % | 3rd Qtr 2019 S\$'000 | 3rd Qtr 2018 S\$'000 | Change % |
|--|--------------------------------------|--------------------------------------|---------------------|-------------------------------------|-------------------------------------|---------------------|
| Revenue | 81,439 | 88,422 | (7.9) | 27,060 | 28,523 | (5.1) |
| Cost of sales | <u>(39,496)</u> | <u>(42,537)</u> | (7.1) | <u>(12,868)</u> | <u>(13,676)</u> | (5.9) |
| Gross profit | <u>41,943</u> | <u>45,885</u> | (8.6) | <u>14,192</u> | <u>14,847</u> | (4.4) |
| Operating expenses | | | | | | |
| Selling expenses | (3,920) | (5,354) | (26.8) | (1,787) | (2,425) | (26.3) |
| General and administrative expenses | <u>(14,704)</u> | <u>(14,203)</u> | 3.5 | <u>(4,905)</u> | <u>(4,573)</u> | 7.3 |
| Total operating expenses | <u>(18,624)</u> | <u>(19,557)</u> | (4.8) | <u>(6,692)</u> | <u>(6,998)</u> | (4.4) |
| Operating profit | 23,319 | 26,328 | (11.4) | 7,500 | 7,849 | (4.4) |
| Financial income | 3,434 | 3,248 | 5.7 | 1,502 | 1,362 | 10.3 |
| Financial expenses | (6) | (6) | - | (2) | (2) | - |
| Other operating income/(expenses), net | <u>3,034</u> | <u>1,504</u> | 101.7 | <u>(1,520)</u> | <u>(273)</u> | 456.8 |
| Profit before income tax | 29,781 | 31,074 | (4.2) | 7,480 | 8,936 | (16.3) |
| Income tax | <u>(10,748)</u> | <u>(10,616)</u> | 1.2 | <u>(3,366)</u> | <u>(3,127)</u> | 7.6 |
| Total profit for the period | <u>19,033</u> | <u>20,458</u> | (7.0) | <u>4,114</u> | <u>5,809</u> | (29.2) |
| Attributable to: | | | | | | |
| Owners of the Company | 18,409 | 19,795 | (7.0) | 3,938 | 5,615 | (29.9) |
| Non-controlling interests | <u>624</u> | <u>663</u> | (5.9) | <u>176</u> | <u>194</u> | (9.3) |
| | <u>19,033</u> | <u>20,458</u> | (7.0) | <u>4,114</u> | <u>5,809</u> | (29.2) |

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 30 SEPTEMBER 2019**

| | Ytd Sept 2019 <u>S\$'000</u> | Ytd Sept 2018 <u>S\$'000</u> | 3rd Qtr 2019 <u>S\$'000</u> | 3rd Qtr 2018 <u>S\$'000</u> |
|---|---|---|--|--|
| Total profit for the period | 19,033 | 20,458 | 4,114 | 5,809 |
| Other comprehensive loss: | | | | |
| <u>Item that may be reclassified subsequently to profit or loss:</u> | | | | |
| Foreign currency translation differences arising from consolidation, net of tax | <u>(7,012)</u> | <u>(11,804)</u> | <u>(4,251)</u> | <u>(14,841)</u> |
| Total comprehensive income/(loss) for the period | <u>12,021</u> | <u>8,654</u> | <u>(137)</u> | <u>(9,032)</u> |
| Total comprehensive income/(loss) attributable to: | | | | |
| Owners of the Company | 11,709 | 8,481 | (75) | (8,663) |
| Non-controlling interests | <u>312</u> | <u>173</u> | <u>(62)</u> | <u>(369)</u> |
| | <u>12,021</u> | <u>8,654</u> | <u>(137)</u> | <u>(9,032)</u> |

ADDITIONAL INFORMATION

| | Ytd Sept 2019 <u>S\$'000</u> | Ytd Sept 2018 <u>S\$'000</u> | Change % | 3rd Qtr 2019 <u>S\$'000</u> | 3rd Qtr 2018 <u>S\$'000</u> | Change % |
|---|---|---|---------------------|--|--|---------------------|
| Earnings before tax, non-controlling interests, interest on borrowings, depreciation and amortisation, foreign exchange loss, and exceptional items ("EBITDA") | 46,970 | 49,835 | (5.7) | 14,661 | 15,205 | (3.6) |
| Interest on borrowings | (6) | (6) | - | (2) | (2) | - |
| Depreciation and amortisation | (15,510) | (16,313) | (4.9) | (5,105) | (5,250) | (2.8) |
| Foreign exchange loss | <u>(1,673)</u> | <u>(2,442)</u> | (31.5) | <u>(2,074)</u> | <u>(1,017)</u> | 103.9 |
| Profit before income tax | <u>29,781</u> | <u>31,074</u> | (4.2) | <u>7,480</u> | <u>8,936</u> | (16.3) |

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 30/9/2019 <u>S\$'000</u> | As at 31/12/2018 <u>S\$'000</u> | As at 30/9/2019 <u>S\$'000</u> | As at 31/12/2018 <u>S\$'000</u> |
| <u>Assets</u> | | | | |
| Current Assets | | | | |
| Cash and cash equivalents | 146,370 | 141,714 | 83 | 41 |
| Short-term investments | 1,283 | 1,022 | - | - |
| Trade receivables and other current assets | 3,761 | 3,531 | 14,640 | 31,372 |
| Inventories, at cost | 401 | 389 | - | - |
| | 151,815 | 146,656 | 14,723 | 31,413 |
| Non-Current Assets | | | | |
| Interest in subsidiaries | - | - | 410,659 | 410,659 |
| Investment properties | 181,009 | 193,492 | - | - |
| Property, plant and equipment | 145,829 | 154,148 | - | - |
| Right-of-use asset | 224 | - | - | - |
| Deferred tax assets | 3,815 | 4,099 | - | - |
| Deferred charges | 540 | 568 | - | - |
| | 331,417 | 352,307 | 410,659 | 410,659 |
| Total Assets | 483,232 | 498,963 | 425,382 | 442,072 |
| <u>Liabilities and Equity</u> | | | | |
| Current Liabilities | | | | |
| Trade and other payables | 17,738 | 26,348 | 298 | 301 |
| Income taxes payable | 2,867 | 6,080 | - | - |
| Obligations under finance lease | - | 70 | - | - |
| Lease liability | 70 | - | - | - |
| | 20,675 | 32,498 | 298 | 301 |
| Non-Current Liabilities | | | | |
| Long-term liabilities | 13,566 | 12,641 | - | - |
| Obligations under finance lease | - | 93 | - | - |
| Lease liability | 41 | - | - | - |
| Deferred tax liabilities | 3,361 | 2,915 | - | - |
| | 16,968 | 15,649 | - | - |
| Total Liabilities | 37,643 | 48,147 | 298 | 301 |
| 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 | 24,509 | 31,209 | - | - |
| Retained earnings | 64,782 | 63,066 | 15,917 | 32,604 |
| | 429,994 | 434,978 | 425,084 | 441,771 |
| Non-Controlling Interests | 15,595 | 15,838 | - | - |
| Total Equity | 445,589 | 450,816 | 425,084 | 441,771 |
| Total Liabilities and Equity | 483,232 | 498,963 | 425,382 | 442,072 |

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

| | As at 30/9/2019 | | | As at 31/12/2018 | | |
|--|-----------------|-----------|------------|------------------|-----------|------------|
| | Secured | Unsecured | Total | Secured | Unsecured | Total |
| Amount repayable in one year or less, or on demand | 70 | - | 70 | 70 | - | 70 |
| Amount repayable after one year | 41 | - | 41 | 93 | - | 93 |
| Total | 111 | - | 111 | 163 | - | 163 |

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 30 SEPTEMBER 2019

| | Ytd Sept 2019 S\$'000 | Ytd Sept 2018 S\$'000 | 3rd Qtr 2019 S\$'000 | 3rd Qtr 2018 S\$'000 |
|--|-----------------------------|-----------------------------|----------------------------|----------------------------|
| Cash flows from operating activities | | | | |
| Profit for the period | 19,033 | 20,458 | 4,114 | 5,809 |
| Adjustments for: | | | | |
| Depreciation of property, plant and equipment | 6,595 | 7,186 | 2,180 | 2,331 |
| Depreciation of right-of-use asset | 108 | - | 36 | - |
| Depreciation of investment properties | 8,791 | 9,109 | 2,884 | 2,913 |
| Amortisation of deferred charges | 16 | 18 | 5 | 6 |
| (Write back of)/Allowance for loss on trade receivables | (13) | 12 | (5) | (3) |
| Changes in fair value of financial assets at fair value through profit or loss | (289) | 168 | (10) | 10 |
| Property, plant and equipment written off | 1 | - | - | - |
| Interest income | (3,434) | (3,248) | (1,502) | (1,362) |
| Interest expense | 6 | 6 | 2 | 2 |
| Unrealised foreign exchange loss | 1,770 | 1,495 | 2,376 | 702 |
| Income tax expense | 10,748 | 10,616 | 3,366 | 3,127 |
| Operating cash flows before working capital changes | 43,332 | 45,820 | 13,446 | 13,535 |
| Changes in working capital: | | | | |
| Trade receivables and other current assets | (168) | (2,571) | 163 | (2,779) |
| Inventories | (12) | 32 | (15) | 18 |
| Trade payables and other payables | (7,138) | 2,693 | 188 | 2,943 |
| Cash generated from operations | 36,014 | 45,974 | 13,782 | 13,717 |
| Income tax paid | (12,967) | (13,865) | (3,502) | (3,938) |
| Interest received | 3,385 | 3,195 | 1,577 | 1,324 |
| Interest paid | (6) | (6) | (2) | (2) |
| Net cash generated from operating activities | 26,426 | 35,298 | 11,855 | 11,101 |

**UNAUDITED CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE PERIOD ENDED 30 SEPTEMBER 2019 (cont'd)**

| | Ytd Sept 2019 S\$'000 | Ytd Sept 2018 S\$'000 | 3rd Qtr 2019 S\$'000 | 3rd Qtr 2018 S\$'000 |
|---|--------------------------------------|--------------------------------------|-------------------------------------|-------------------------------------|
| Cash flows from investing activities | | | | |
| Capital expenditure on property, plant and equipment | (1,551) | (551) | (329) | (168) |
| Net cash used in investing activities | (1,551) | (551) | (329) | (168) |
| Cash flows from financing activities | | | | |
| Payments of lease liability | (52) | - | (17) | - |
| Payments of obligations under finance lease | - | (52) | - | (17) |
| Payment of dividends to owners of the Company | (16,693) | - | - | - |
| Payment of dividends to non-controlling shareholders | (1,088) | (1,096) | - | - |
| Net cash used in financing activities | (17,833) | (1,148) | (17) | (17) |
| Net increase in cash and cash equivalents | 7,042 | 33,599 | 11,509 | 10,916 |
| Cash and cash equivalents at beginning of the period | 141,714 | 93,904 | 136,540 | 116,790 |
| Effect of exchange rate changes on cash and cash equivalent | (2,386) | (2,980) | (1,679) | (3,183) |
| Cash and cash equivalents at end of the period | 146,370 | 124,523 | 146,370 | 124,523 |

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 2019 | 105,784 | 304,881 | (1,498) | 32,604 | 441,771 |
| Total comprehensive loss for the period | - | - | - | (289) | (289) |
| Dividend paid for 2018 | - | - | - | (16,693) | (16,693) |
| Balance as at 30 Jun 2019 | 105,784 | 304,881 | (1,498) | 15,622 | 424,789 |
| Total comprehensive income for the period | - | - | - | 295 | 295 |
| Balance as at 30 Sept 2019 | <u>105,784</u> | <u>304,881</u> | <u>(1,498)</u> | <u>15,917</u> | <u>425,084</u> |
| Balance as at 1 Jan 2018 | 105,784 | 304,881 | (1,498) | 14,773 | 423,940 |
| Total comprehensive income for the period | - | - | - | 188 | 188 |
| Balance as at 30 Jun 2018 | 105,784 | 304,881 | (1,498) | 14,961 | 424,128 |
| Total comprehensive loss for the period | - | - | - | (3) | (3) |
| Balance as at 30 Sept 2018 | <u>105,784</u> | <u>304,881</u> | <u>(1,498)</u> | <u>14,958</u> | <u>424,125</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 Equity |
|--|---|---------------|-----------------|---------------------------|----------------|--------------------------------------|-------------------|----------|---------------------------|--------------|
| | Share Capital | Share Premium | Treasury Shares | Asset Revaluation Reserve | Merger Reserve | Foreign Currency Translation Reserve | Retained Earnings | Total | Non-Controlling Interests | |
| | 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 2019 | 105,784 | 304,881 | (1,498) | 65,175 | (133,639) | 31,209 | 63,066 | 434,978 | 15,838 | 450,816 |
| Profit for the period | - | - | - | - | - | - | 14,471 | 14,471 | 448 | 14,919 |
| Other comprehensive loss for the period – Foreign currency translation | - | - | - | - | - | (2,687) | - | (2,687) | (74) | (2,761) |
| Total comprehensive income for the period | - | - | - | - | - | (2,687) | 14,471 | 11,784 | 374 | 12,158 |
| Dividend paid | - | - | - | - | - | - | (16,693) | (16,693) | (555) | (17,248) |
| Balance as at 30 Jun 2019 | 105,784 | 304,881 | (1,498) | 65,175 | (133,639) | 28,522 | 60,844 | 430,069 | 15,657 | 445,726 |
| Profit for the period | - | - | - | - | - | - | 3,938 | 3,938 | 176 | 4,114 |
| Other comprehensive loss for the period – Foreign currency translation | - | - | - | - | - | (4,013) | - | (4,013) | (238) | (4,251) |
| Total comprehensive loss for the period | - | - | - | - | - | (4,013) | 3,938 | (75) | (62) | (137) |
| Balance as at 30 Sept 2019 | 105,784 | 304,881 | (1,498) | 65,175 | (133,639) | 24,509 | 64,782 | 429,994 | 15,595 | 445,589 |
| 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 | - | - | - | - | - | - | 14,180 | 14,180 | 469 | 14,649 |
| Other comprehensive income for the period – Foreign currency translation | - | - | - | - | - | 2,964 | - | 2,964 | 73 | 3,037 |
| Total comprehensive income for the period | - | - | - | - | - | 2,964 | 14,180 | 17,144 | 542 | 17,686 |
| Balance as at 30 Jun 2018 | 105,784 | 304,881 | (1,498) | 65,175 | (133,639) | 46,962 | 50,729 | 438,394 | 16,576 | 454,970 |
| Profit for the period | - | - | - | - | - | - | 5,615 | 5,615 | 194 | 5,809 |
| Other comprehensive loss for the period – Foreign currency translation | - | - | - | - | - | (14,278) | - | (14,278) | (563) | (14,841) |
| Total comprehensive loss for the period | - | - | - | - | - | (14,278) | 5,615 | (8,663) | (369) | (9,032) |
| Dividends payable to non-controlling shareholders | - | - | - | - | - | - | - | - | (547) | (547) |
| Balance as at 30 Sept 2018 | 105,784 | 304,881 | (1,498) | 65,175 | (133,639) | 32,684 | 56,344 | 429,731 | 15,660 | 445,391 |

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 2018. Details of the Company's issued and paid-up share capital are as follows:

| | As at 30 Sept 2019 | As at 30 Sept 2018 |
|--|-------------------------------|-------------------------------|
| 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 30 September 2019 and 31 December 2018 are 758,768,832 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 2018.

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 2018.

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 revised IFRSs that are relevant to its operations and effective for period beginning 1 January 2019. Except as disclosed below, the adoption of the new and revised IFRSs has had no material financial impact on the Group's financial statements.

IFRS 16, *Leases* sets out a revised framework for the recognition, measurement, presentation and disclosure of leases, and replaces existing lease accounting guidance. IFRS 16 requires lessees to recognise right-of-use assets and lease liabilities for all leases with a term of more than 12 months, except where the underlying asset is of low value. The right-of-use asset is depreciated and interest expense is recognised on the lease liability. The accounting requirements for lessors have not been changed substantially, and continue to be based on classification as operating and finance leases. Disclosure requirements have been enhanced for both lessors and lessees.

The Group adopted IFRS 16 on 1 January 2019 based on a permitted transition approach that does not restate comparative information, but recognised the cumulative effect of initially applying IFRS16 as an adjustment to the opening balance of retained earnings on 1 January 2019. The Group elected the transition option to record, in respect of leases previously classified as operating leases, the right-of-use asset on 1 January 2019 at an amount equal to the lease liability, adjusted by the amount of any prepaid or accrued lease payments as at 31 December 2018. The Group also adopted an expedient offered by IFRS 16, exempting the Group from having to reassess whether pre-existing contracts contain a lease.

The Group has entered into operating lease of office premises as lessee and the impact on its financial statements is not significant. The Group's obligations under finance lease have been reclassified into the appropriate line items under IFRS 16. The following reconciliations summaries the impacts of transition to IFRS 16 on the Group's financial statements.

Consolidated statement of financial position as at 31 December 2018 and 1 January 2019

| <u>The Group</u> | <u>At 31.12.2018</u> | <u>Reclassification</u> | <u>At 1.1.2019</u> |
|---------------------------------|----------------------|-------------------------|--------------------|
| | S\$'000 | S\$'000 | S\$'000 |
| Property, plant and equipment | 154,148 | (332) | 153,816 |
| Right-of-use asset | - | 332 | 332 |
| Obligation under finance lease: | | | |
| Current | (70) | 70 | - |
| Non-current | (93) | 93 | - |
| Lease liability | | | |
| Current | - | (70) | (70) |
| Non-current | - | (93) | (93) |

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 | | | |
|---|----------------------|----------------------|---------------------|---------------------|
| | Ytd Sept 2019 | Ytd Sept 2018 | 3rd Qtr 2019 | 3rd Qtr 2018 |
| Earnings per ordinary share for the period after deducting any provision for preference dividends:- | | | | |
| (i) Based on weighted average number of ordinary shares of 758,768,832 | SGD2.43cents | SGD2.61cents | SGD0.52cents | SGD0.74cents |
| (ii) On a fully diluted basis | Not applicable | Not applicable | 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 30 Sept 2019 | As at 31 Dec 2018 | As at 30 Sept 2019 | As at 31 Dec 2018 |
| Net asset value per ordinary share based on existing issued share capital of 758,768,832 | S\$0.57 | S\$0.57 | S\$0.56 | S\$0.58 |

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:

| | Ytd Sept 2019 <u>S\$'000</u> | Ytd Sept 2018 <u>S\$'000</u> | Change % |
|-----------------------------|------------------------------------|------------------------------------|-------------|
| Revenue from: | | | |
| Hotel | 41,143 | 46,161 | (10.9) |
| Property leasing | 40,296 | 42,261 | (4.6) |
| Total revenue | <u>81,439</u> | <u>88,422</u> | (7.9) |
| Gross Profit from: | | | |
| Hotel | 17,478 | 19,365 | (9.7) |
| Property leasing | 24,465 | 26,520 | (7.7) |
| Total gross profit | <u>41,943</u> | <u>45,885</u> | (8.6) |
| Gross Profit Margin: | | | |
| Hotel | 42.5% | 42.0% | 0.5 |
| Property leasing | 60.7% | 62.8% | (2.1) |
| Overall | <u>51.5%</u> | <u>51.9%</u> | (0.4) |

REVIEW OF PERFORMANCE FOR NINE MONTHS ENDED 30 SEPTEMBER 2019

The Group's revenue was lower at S\$81.4 million for the nine months ended 30 September 2019 ("9M2019"). EBITDA and net profit for the current period were S\$47.0 million and S\$19.0 million respectively as compared to S\$49.8 million and S\$20.5 million respectively in the corresponding period in 2018 ("9M2018").

REVENUE

The Group's revenue was 7.9% lower at S\$81.4 million in 9M2019 primarily due to lower hotel revenue and translation effect of the weakening of Chinese Renminbi ("RMB"). Hotel revenue decreased by 10.9% to S\$41.1 million in 9M2019 mainly due to lower average occupancy rate and lower revenue from its food and beverages operations. Average occupancy rate decreased from 84.2% in 9M2018 to 77.8% in view of the competitive operating environment. Nonetheless, average room rate remained high at RMB1,148 in the current period as compared to RMB1,179 in 9M2018.

Leasing income decreased marginally to S\$40.3 million in 9M2019 mainly attributable to translation effect of the weakening of RMB, as well as lower average leasing occupancy rate for our retail complex.

GROSS PROFIT

The Group's gross profit decreased by 8.6% to S\$41.9 million in 9M2019 mainly in line with the 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 marginally from 51.9% in 9M2018 to 51.5% in the current period.

OPERATING EXPENSES

Selling expenses of S\$3.9 million mainly comprised advertising and promotion expenses, salaries and related expenses and marketing expenses. General and administrative expenses of S\$14.7 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 were marginally lower at S\$18.6 million in the current period mainly due to lower agent commission, and advertising and promotion expenses incurred.

OTHER OPERATING INCOME, NET

Net other operating income mainly comprised business assistance grants, advertising income, changes in fair value on financial assets and other miscellaneous income, after deducting the net foreign exchange loss. Net other operating income was higher at S\$3.0 million in 9M2019 mainly due to fair value gain on financial assets and lower unrealised foreign exchange loss recorded in the current period.

REVIEW OF FINANCIAL POSITION AS AT 30 SEPTEMBER 2019

ASSETS

The Group's total assets of S\$483.2 million mainly consist of investment properties of S\$181.0 million; property, plant and equipment of S\$145.8 million and cash and cash equivalents of S\$146.4 million. Total assets decreased by S\$15.7 million as compared to S\$499.0 million as at 31 December 2018 mainly attributable to lower book value of investment properties and property, plant and equipment due to depreciation expenses and translation loss arising from weakening of RMB recorded for the current period.

LIABILITIES

The Group's total liabilities lowered by S\$10.5 million to S\$37.6 million as at 30 September 2019 mainly due to lower income tax payable and other payables following payments made during the current period.

REVIEW OF CASH FLOWS FOR NINE MONTHS ENDED 30 SEPTEMBER 2019

Cash and cash equivalents were higher at S\$146.4 million as at 30 September 2019 mainly resulting from cash generated from operating activities of S\$26.4 million, net of payment of dividends to shareholders and non-controlling shareholders of S\$17.8 million and cash used for capital expenditure of S\$1.6 million in 9M2019.

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

As China economy is currently slowing down, the market sentiments on both the hotel and office leasing including Ningbo retail industry have not been positive as a result of an over-supply market condition in Shanghai. Hence, in weathering the current storm, the Group has adopted a flexible marketing strategy to improve the rental yield and cost efficiency in the Group's operating performance for the optimisation of shareholders' value.

11. Dividend

(a) Current Financial Period Reported On

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

(b) Corresponding Period of the Immediately Preceding Financial Year

Any ordinary 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 third quarter ended 30 September 2019 as the Company generally review its dividend policy at the end of the financial year.

13. Interested persons transactions disclosure

There is no relevant interested persons transaction entered into during the nine months ended 30 September 2019.

**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 third quarter and nine months ended 30 September 2019 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
13 November 2019

###

Submitted by Kimberley Lye Chor Mei, Company Secretary on 13 November 2019 to the SGX