



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 2016

	1st Qtr 2016 <u>S\$'000</u>	1st Qtr 2015 <u>S\$'000</u>	Change %
Revenue	32,329	33,349	(3.1)
Cost of sales	<u>(16,489)</u>	<u>(16,402)</u>	0.5
Gross profit	<u>15,840</u>	<u>16,947</u>	(6.5)
Operating expenses			
Selling expenses	(1,505)	(1,384)	8.7
General and administrative expenses	<u>(5,559)</u>	<u>(6,398)</u>	(13.1)
Total operating expenses	<u>(7,064)</u>	<u>(7,782)</u>	(9.2)
Operating profit	8,776	9,165	(4.2)
Financial income	1,035	606	70.8
Financial expenses	(273)	(276)	(1.1)
Other operating (expenses)/income, net	<u>(291)</u>	<u>162</u>	n.m.
Profit before income tax	<u>9,247</u>	<u>9,657</u>	(4.2)
Income tax	<u>(3,065)</u>	<u>(2,819)</u>	8.7
Total profit for the period	<u>6,182</u>	<u>6,838</u>	(9.6)
Profit for the period attributable to:			
Owners of the Company	5,924	6,561	(9.7)
Non-controlling interests	<u>258</u>	<u>277</u>	(6.9)
	<u>6,182</u>	<u>6,838</u>	(9.6)

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 2016**

	1st Qtr 2016 <u>S\$'000</u>	1st Qtr 2015 <u>S\$'000</u>
Total profit for the period	6,182	6,838
Other comprehensive income:		
<u>Items that may be reclassified subsequently to the profit or loss:</u>		
Foreign currency differences arising from consolidation	(19,638)	19,154
Total comprehensive income for the period, net of tax	<u>(13,456)</u>	<u>25,992</u>
Total comprehensive income for the period attributable to:		
Owners of the Company	(13,007)	25,004
Non-controlling interests	(449)	988
	<u>(13,456)</u>	<u>25,992</u>

ADDITIONAL INFORMATION

	1st Qtr 2016 <u>S\$'000</u>	1st Qtr 2015 <u>S\$'000</u>	Change %
Earnings before tax, non-controlling interests, interest on borrowings, depreciation and amortisation and foreign exchange loss ("EBITDA")	16,125	16,360	(1.4)
Interest on borrowings	(273)	(276)	(1.1)
Depreciation and amortisation	(5,613)	(5,745)	(2.3)
Foreign exchange loss	(992)	(682)	45.5
Profit before income tax	<u>9,247</u>	<u>9,657</u>	(4.2)

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 31/03/2016 <u>S\$'000</u>	As at 31/12/2015 <u>S\$'000</u>	As at 31/03/2016 <u>S\$'000</u>	As at 31/12/2015 <u>S\$'000</u>
<u>Assets</u>				
Current Assets				
Cash and cash equivalents	70,466	120,516	308	170
Short-term investments	1,081	1,305	-	-
Trade receivables and other current assets	4,590	4,693	38,794	40,836
Inventories, at cost	541	445	-	-
	76,678	126,959	39,102	41,006
Non-Current Assets				
Interest in subsidiaries	-	-	410,659	410,659
Investment properties	238,403	251,927	-	-
Property, plant and equipment	186,322	196,458	-	-
Deferred tax assets	5,120	5,416	-	-
Deferred charges	663	699	-	-
	430,508	454,500	410,659	410,659
Total Assets	507,186	581,459	449,761	451,665
<u>Liabilities and Equity</u>				
Current Liabilities				
Borrowings	-	56,624	-	-
Trade and other payables	24,862	26,543	286	286
Income tax payable	2,927	5,658	-	-
Obligations under finance lease	-	19	-	-
	27,789	88,844	286	286
Non-Current Liabilities				
Long-term liabilities	12,082	11,822	-	-
Obligations under finance lease	-	22	-	-
Deferred tax liabilities	1,989	1,989	-	-
	14,071	13,833	-	-
Total Liabilities	41,860	102,677	286	286
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	50,543	69,474	-	-
Retained earnings	57,532	51,608	40,308	42,212
	448,778	461,785	449,475	451,379
Non-Controlling Interests	16,548	16,997	-	-
Total Equity	465,326	478,782	449,475	451,379
Total Liabilities and Equity	507,186	581,459	449,761	451,665

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

	As at 31/03/2016			As at 31/12/2015		
	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	-	-	-	56,643	-	56,643
Amount repayable after one year	-	-	-	22	-	22
Total	-	-	-	56,665	-	56,665

Details of any collateral

As at 31 December 2015, 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 2016**

	1st Qtr 2016 S\$'000	1st Qtr 2015 S\$'000
Cash flows from operating activities		
Profit before income tax	9,247	9,657
Adjustments for:		
Depreciation of property, plant and equipment	2,418	2,479
Depreciation of investment properties	3,188	3,259
Amortisation of deferred charges	7	7
Changes in fair value of financial assets at fair value through profit or loss	174	(624)
Property, plant and equipment written off	6	-
Interest income	(1,035)	(606)
Interest expense	273	276
Unrealised foreign exchange loss/(gain), net	507	(446)
Operating cash flows before working capital changes	14,785	14,002
Changes in working capital:		
Trade receivables and other current assets	103	(1,472)
Inventories	(96)	16
Trade and other payables	(1,421)	4,224
Cash generated from operations	13,371	16,770
Income tax paid	(5,428)	(3,938)
Interest received	1,035	606
Interest paid	(273)	(276)
Net cash from operating activities	8,705	13,162

**UNAUDITED CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE PERIOD ENDED 31 MARCH 2016 (cont'd)**

	1st Qtr 2016 <u>S\$'000</u>	1st Qtr 2015 <u>S\$'000</u>
Cash flows from investing activities		
Proceeds from disposal of property, plant and equipment	3	-
Capital expenditure on property, plant and equipment	(356)	(78)
Net cash used in investing activities	(353)	(78)
Cash flows from financing activities		
Repayments of obligations under finance lease	(41)	(5)
Repayments of long-term borrowings	(53,960)	-
Payments for shares buy back	-	(175)
Net cash used in financing activities	(54,001)	(180)
Net (decrease)/increase in cash and cash equivalents	(45,649)	12,904
Cash and cash equivalents at beginning of the period	120,516	60,221
Effect of exchange rate changes on balances of cash held in foreign currencies	(4,401)	2,725
Cash and cash equivalents at end of the period	70,466	75,850

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>	<u>Share Capital</u> S\$'000	<u>Share Premium</u> S\$'000	<u>Treasury Shares</u> S\$'000	<u>Retained Earnings</u> S\$'000	<u>Total</u> S\$'000
Balance as at 1 Jan 2016	105,784	304,881	(1,498)	42,212	451,379
Total comprehensive loss for the period	-	-	-	(1,904)	(1,904)
Balance as at 31 Mar 2016	<u>105,784</u>	<u>304,881</u>	<u>(1,498)</u>	<u>40,308</u>	<u>449,475</u>
Balance as at 1 Jan 2015	105,784	304,881	(1,262)	6,334	415,737
Shares buy back	-	-	(175)	-	(175)
Total comprehensive income for the period	-	-	-	102	102
Balance as at 31 Mar 2015	<u>105,784</u>	<u>304,881</u>	<u>(1,437)</u>	<u>6,436</u>	<u>415,664</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 2016	105,784	304,881	(1,498)	65,175	(133,639)	69,474	51,608	461,785	16,997	478,782
Profit for the period	-	-	-	-	-	-	5,924	5,924	258	6,182
Other comprehensive loss for the period – Foreign currency translation	-	-	-	-	-	(18,931)	-	(18,931)	(707)	(19,638)
Total comprehensive (loss)/income for the period	-	-	-	-	-	(18,931)	5,924	(13,007)	(449)	(13,456)
Balance as at 31 Mar 2016	105,784	304,881	(1,498)	65,175	(133,639)	50,543	57,532	448,778	16,548	465,326
Balance as at 1 Jan 2015	105,784	304,881	(1,262)	65,175	(133,639)	57,941	22,951	421,831	16,696	438,527
Shares buy back	-	-	(175)	-	-	-	-	(175)	-	(175)
Profit for the period	-	-	-	-	-	-	6,561	6,561	277	6,838
Other comprehensive income for the period – Foreign currency translation	-	-	-	-	-	18,443	-	18,443	711	19,154
Total comprehensive income for the period	-	-	-	-	-	18,443	6,561	25,004	988	25,992
Balance as at 31 Mar 2015	105,784	304,881	(1,437)	65,175	(133,639)	76,384	29,512	446,660	17,684	464,344

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 2016 and 2015 was 6,887,000 and 6,554,000 respectively.

There were no changes in the Company's issued share capital since 31 December 2015.

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 2016 and 31 December 2015 respectively was 3,035,072,440 ordinary shares of US\$0.025 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 2015.

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 2015.

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 2016. 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 ^{(1),(2)}
- (ii) On a fully diluted basis

The Group	
1st Qtr 2016	(Restated) ⁽¹⁾ 1st Qtr 2015
SGD0.78 cents	SGD0.86 cents
758,768,832	758,942,360
Not applicable	Not applicable

Notes:

- (1) Comparative earnings per ordinary share has been restated to adjust for the effect of share consolidation of every four shares of US\$0.025 each into one ordinary share of US\$0.10 each that was approved on 21 April 2016 and effect on 6 May 2016.
- (2) Based on the number of ordinary shares of US\$0.10 each (excluding treasury shares) after the share consolidation.

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 ⁽²⁾ (31 Dec 2015: 758,768,110) shares

The Group		The Company	
As at 31 Mar 2016	(Restated) ⁽¹⁾ As at 31 Dec 2015	As at 31 Mar 2016	(Restated) ⁽¹⁾ As at 31 Dec 2015
S\$0.59	S\$0.61	S\$0.59	S\$0.55

Notes:

- (1) Comparative earnings per ordinary share has been restated to adjust for the effect of share consolidation of every four shares of US\$0.025 each into one ordinary share of US\$0.10 each that was approved on 21 April 2016 and effect on 6 May 2016.
- (2) Based on the number of ordinary shares of US\$0.10 each (excluding treasury shares) after the share consolidation.

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 2016 S\$'000	1st Qtr 2015 S\$'000	Change %
Revenue from:			
Hotel	14,679	14,750	(0.5)
Property leasing	17,650	18,599	(5.1)
Total revenue	<u>32,329</u>	<u>33,349</u>	(3.1)
Gross Profit from:			
Hotel	5,531	5,620	(1.6)
Property leasing	10,309	11,327	(9.0)
Total gross profit	<u>15,840</u>	<u>16,947</u>	(6.5)
Gross Profit Margin			
Hotel	37.7%	38.1%	(0.4)
Property leasing	58.4%	60.9%	(2.5)
Overall	<u>49.0%</u>	<u>50.8%</u>	(1.8)

REVIEW OF PERFORMANCE FOR THE PERIOD ENDED 31 MARCH 2016

The Group recorded revenue and EBITDA of S\$32.3 million and S\$16.1 million respectively for the 3-month period ended 31 March 2016 ("1Q2016"), marginally lower than the revenue and EBITDA of S\$33.3 million and S\$16.4 million in the corresponding period in 2015 ("1Q2015"), mainly affected by lower leasing income.

REVENUE

The Group's revenue lowered by 3.1% from S\$33.3 million in 1Q2015 to S\$32.3 million mainly attributable to lower leasing income from our Bund Center office tower and Golden Center retail complex.

Our hotel continues to outperform the average occupancy rate and average room rate achieved by five-star hotels in Shanghai, notwithstanding the competitive operating environment. Comparing in RMB terms, our hotel revenue increased marginally primarily due to higher average occupancy rate and average room rate. However, the weakening of RMB against SGD during the current period has resulted in lower reported hotel revenue of S\$14.7 million in 1Q2016.

Leasing income was lower by 5.1% to S\$17.7 million in 1Q2016 as compared to S\$18.6 million in 1Q2015. This was mainly due to lower average rental rate and leasing rate in our retail complex in view of the competitive retail environment in Ningbo, as well as lower leasing rate in our Bund Center office tower.

GROSS PROFIT

In tandem with lower revenue, gross profit decreased from S\$16.9 million to S\$15.8 million in 1Q2016. Consequently, the Group's gross profit margin was lower at 49.0% as compared to 50.8% in 1Q2015.

OPERATING EXPENSES

Selling expenses of S\$1.5 million mainly comprised advertising and promotion expenses, salaries and related expenses and marketing expenses. General and administrative expenses of S\$5.6 million mainly comprised salaries and related expenses, office and hotel supplies, repair and maintenance, professional fees, tax and licences fees, as well as management fee payable to the hotel operator. Lower total operating expenses in 1Q2016 was mainly due to lower professional fees incurred for the current period.

FINANCIAL INCOME

Financial income was higher at S\$1.0 million in 1Q2016 mainly due to higher interest income from time deposits.

OTHER OPERATING (EXPENSES)/INCOME, NET

Net other operating (expenses)/income mainly comprised net foreign exchange loss, advertising income and other miscellaneous income (net of operating expenses). The Group recorded a net other operating expenses of S\$0.3 million in 1Q2016 as compared to a net income of S\$0.2 million in 1Q2015 mainly due to higher foreign exchange loss. Net foreign exchange loss increased by S\$0.3 million to S\$1.0 million in 1Q2016 mainly due to unrealised translation loss on U.S. Dollar ("USD") denominated receivables following the weakening of USD against SGD during the current period.

INCOME TAX

Income tax expense was higher at S\$3.1 million as compared to S\$2.8 million in 1Q2015. This was mainly due to higher non-deductible expenses recorded in the current period.

REVIEW OF FINANCIAL POSITION AS AT 31 MARCH 2016

ASSETS

Compared to 31 December 2015, total assets of the Group decreased by S\$74.3 million to S\$507.2 million as at 31 March 2016. This was mainly due to lower cash and cash equivalents resulting from repayment of borrowings during 1Q2016 and lower book value of property, plant and equipment and investment properties arising from translation effect of weakening of Chinese Renminbi and depreciation expenses.

LIABILITIES

The Group has fully repaid its total borrowings during the current period. Consequently, total liabilities of the Group decreased from S\$102.7 million to S\$41.9 million as at end of March 2016.

REVIEW OF CASH FLOWS FOR THE PERIOD ENDED 31 MARCH 2016

Cash and cash equivalents were lower at S\$70.5 million as at 31 March 2016 mainly due to cash used for repayments of total borrowings, partially offset by cash generated from operating activities during the current period.

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 tertiary industry (including the finance sector) continued to increase its contribution to Shanghai's GDP in 2015, according to the local statistics bureau. This trend is in line with China's latest Five-Year Plan and will support the office real estate market in the coming years. Nonetheless, the increase in supply of new office spaces and retail spaces will continue to place some pressure on the rental yield of our investment properties. For our hotel operations, we will also adopt a flexible marketing strategy in anticipation of the surge in arrival of visitors following the opening of Shanghai Disneyland in 2016.

11. Dividend

(a) Current Financial Period Reported On

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

(b) Corresponding Period of the Immediately Preceding Financial Year

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

(c) Date payable

Not applicable.

(d) Books closure date

Not applicable.

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

No interim dividend has been declared for the first quarter ended 31 March 2016.

13. Interested persons transactions disclosure

There is no relevant interested person transaction entered into during the 3-month period ended 31 March 2016.

**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 2016 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
12 May 2016

#

Submitted by Kimberley Lye Chor Mei, Company Secretary on 12 May 2016 to the SGX