



**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 2019**

	<b>1st Qtr 2019 S\$'000</b>	<b>1st Qtr 2018 S\$'000</b>	<b>Change %</b>
Revenue	25,543	28,683	(10.9)
Cost of sales	(13,430)	(14,441)	(7.0)
Gross profit	<u>12,113</u>	<u>14,242</u>	(14.9)
Operating expenses			
Selling expenses	(868)	(1,377)	(37.0)
General and administrative expenses	(4,787)	(5,065)	(5.5)
Total operating expenses	<u>(5,655)</u>	<u>(6,442)</u>	(12.2)
Operating profit	6,458	7,800	(17.2)
Finance income	1,084	593	82.8
Finance expenses	(2)	(2)	-
Other operating income	2,428	2,187	11.0
Profit before income tax	<u>9,968</u>	<u>10,578</u>	(5.8)
Income tax	(3,041)	(3,285)	(7.4)
Total profit for the period	<u>6,927</u>	<u>7,293</u>	(5.0)
Profit for the period attributable to:			
Owners of the Company	6,745	7,095	(4.9)
Non-controlling interests	182	198	(8.1)
	<u>6,927</u>	<u>7,293</u>	(5.0)

**UNAUDITED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME  
FOR THE PERIOD ENDED 31 MARCH 2019**

	<b>1st Qtr 2019 <u>S\$'000</u></b>	<b>1st Qtr 2018 <u>S\$'000</u></b>
Total profit for the period	6,927	7,293
<b>Other comprehensive income</b>		
<u>Item that may be reclassified subsequently to profit or loss:</u>		
Foreign currency differences on consolidation, net of tax	<u>7,822</u>	<u>5,835</u>
<b>Total comprehensive income for the period</b>	<b><u>14,749</u></b>	<b><u>13,128</u></b>
<b>Total comprehensive income attributable to:</b>		
Owners of the Company	14,246	12,696
Non-controlling interests	<u>503</u>	<u>432</u>
	<b><u>14,749</u></b>	<b><u>13,128</u></b>

**ADDITIONAL INFORMATION**

	<b>1st Qtr 2019 <u>S\$'000</u></b>	<b>1st Qtr 2018 <u>S\$'000</u></b>	<b>Change %</b>
<b>Earnings before income tax, non-controlling interests, interest on borrowings, depreciation and amortisation and foreign exchange gain/(loss), ("EBITDA")</b>	14,012	16,390	(14.5)
Interest on borrowings	(2)	(2)	-
Depreciation and amortisation	(5,220)	(5,532)	(5.6)
Foreign exchange gain/(loss)	<u>1,178</u>	<u>(278)</u>	n.m.
<b>Profit before income tax</b>	<b><u>9,968</u></b>	<b><u>10,578</u></b>	<b>(5.8)</b>

**Note:**

(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	
	31/03/2019	31/12/2018	31/03/2019	31/12/2018
	<u>S\$'000</u>	<u>S\$'000</u>	<u>S\$'000</u>	<u>S\$'000</u>
<b><u>Assets</u></b>				
Current Assets				
Cash and cash equivalents	148,685	141,714	41	41
Short-term investments	1,324	1,022	-	-
Trade receivables and other current assets	4,250	3,531	31,165	31,372
Inventories, at cost	401	389	-	-
	154,660	146,656	31,206	31,413
Non-Current Assets				
Interest in subsidiaries	-	-	410,659	410,659
Investment properties	194,425	193,492	-	-
Property, plant and equipment	155,657	154,148	-	-
Right-of-use asset	295	-	-	-
Deferred tax assets	4,112	4,099	-	-
Deferred charges	574	568	-	-
	355,063	352,307	410,659	410,659
<b>Total Assets</b>	<b>509,723</b>	<b>498,963</b>	<b>441,865</b>	<b>442,072</b>
<b><u>Liabilities and Equity</u></b>				
Current Liabilities				
Trade and other payables	26,909	26,348	332	301
Income taxes payable	2,685	6,080	-	-
Obligation under finance lease	-	70	-	-
Lease liability	70	-	-	-
	29,664	32,498	332	301
Non-Current Liabilities				
Long-term liabilities	12,563	12,641	-	-
Obligation under finance lease	-	93	-	-
Lease liability	76	-	-	-
Deferred tax liabilities	2,410	2,915	-	-
	15,049	15,649	-	-
Total Liabilities	44,713	48,147	332	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	38,710	31,209	-	-
Retained earnings	69,811	63,066	32,366	32,604
	449,224	434,978	441,533	441,771
Non-Controlling Interests	15,786	15,838	-	-
Total Equity	465,010	450,816	441,533	441,771
<b>Total Liabilities and Equity</b>	<b>509,723</b>	<b>498,963</b>	<b>441,865</b>	<b>442,072</b>

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

	As at 31/03/2019 S\$'000			As at 31/12/2018 S\$'000		
	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	76	-	76	93	-	93
<b>Total</b>	<b>146</b>	<b>-</b>	<b>146</b>	<b>163</b>	<b>-</b>	<b>163</b>

### Details of any collateral

The secured borrowings were collateralised by certain property, plant and equipment.

## 1(c) A statement of cash flows (for the group), together with a comparative statement for the corresponding period of the immediately preceding financial year

### UNAUDITED CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE PERIOD ENDED 31 MARCH 2019

	1st Qtr 2019 S\$'000	1st Qtr 2018 S\$'000
<b>Cash flows from operating activities</b>		
<b>Profit for the period</b>	<b>6,927</b>	<b>7,293</b>
Adjustments for:		
Depreciation of property, plant and equipment	2,205	2,427
Depreciation of right-of-use asset	37	-
Depreciation of investment properties	2,973	3,099
Amortisation of deferred charges	5	6
(Write back of)/Allowance for impairment loss on trade receivables	(5)	17
Changes in fair value of financial assets at fair value through profit or loss	(281)	43
Interest income	(1,084)	(593)
Interest expense	2	2
Unrealised foreign exchange (gain)/loss, net	(1,709)	46
Income tax expenses	3,041	3,285
<b>Operating cash flows before working capital changes</b>	<b>12,111</b>	<b>15,625</b>
Changes in working capital:		
Trade receivables and other current assets	(704)	(382)
Inventories	(12)	1
Trade payables and other payables	(72)	(4,336)
<b>Cash generated from operations</b>	<b>11,323</b>	<b>10,908</b>
Income tax paid	(6,998)	(4,778)
Interest received	1,074	575
Interest paid	(2)	(2)
<b>Net cash generated from operating activities</b>	<b>5,397</b>	<b>6,703</b>
<b>Cash flows from investing activities</b>		
Capital expenditure on property, plant and equipment	(945)	(251)
<b>Net cash used in investing activities</b>	<b>(945)</b>	<b>(251)</b>
<b>Cash flows from financing activities</b>		
Payments of lease liability	(17)	-
Payments of obligation under finance lease	-	(17)
<b>Net cash used in financing activities</b>	<b>(17)</b>	<b>(17)</b>
Net increase in cash and cash equivalents	4,435	6,435
Cash and cash equivalents at beginning of the year	141,714	93,904
Effect of exchange rate changes on cash and cash equivalent	2,536	1,319
<b>Cash and cash equivalents at end of the year</b>	<b>148,685</b>	<b>101,658</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>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 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	-	-	-	-	-	-	6,745	6,745	182	6,927
Other comprehensive income for the period – Foreign currency translation	-	-	-	-	-	7,501	-	7,501	321	7,822
Total comprehensive income for the period	-	-	-	-	-	7,501	6,745	14,246	503	14,749
Dividends payable to non-controlling shareholders	-	-	-	-	-	-	-	-	(555)	(555)
Balance as at 31 Mar 2019	105,784	304,881	(1,498)	65,175	(133,639)	38,710	69,811	449,224	15,786	465,010
Balance as at 1 Jan 2018	105,784	304,881	(1,498)	65,175	(133,639)	43,998	36,549	421,250	16,034	437,284
Profit for the period	-	-	-	-	-	-	7,095	7,095	198	7,293
Other comprehensive income for the period – Foreign currency translation	-	-	-	-	-	5,601	-	5,601	234	5,835
Total comprehensive income for the period	-	-	-	-	-	5,601	7,095	12,696	432	13,128
Balance as at 31 Mar 2018	105,784	304,881	(1,498)	65,175	(133,639)	49,599	43,644	433,946	16,466	450,412

<b>The Company</b>	Share Capital	Share Premium	Treasury Shares	Retained Earnings	Total
	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000
Balance as at 1 Jan 2019	105,784	304,881	(1,498)	32,604	441,771
Total comprehensive loss for the period	-	-	-	(238)	(238)
Balance as at 31 Mar 2019	105,784	304,881	(1,498)	32,366	441,533
Balance as at 1 Jan 2018	105,784	304,881	(1,498)	14,773	423,940
Total comprehensive loss for the period	-	-	-	(295)	(295)
Balance as at 31 Mar 2018	105,784	304,881	(1,498)	14,478	423,645

**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. The details of the Company's issued and paid-up share capital are as follows:

	<b>As at 31 Mar 2019</b>	<b>As at 31 Dec 2018</b>
Number of issued and paid-up share capital (excluding treasury shares)	758,768,832	758,768,832
Number/Percentage of treasury shares	1,721,027 / 0.23%	1,721,027 / 0.23%

**1(d)(iii) To show the number of issued shares excluding treasury shares as at the end of the current financial period and as at the end of the immediately preceding year.**

The total number of issued shares excluding treasury shares as at 31 March 2019 and 31 December 2018 are 758,768,832 ordinary shares of US\$0.10 each.

**1(d)(iv) A statement showing all sales, transfers, disposal, cancellation and/or use of treasury shares as at the end of the current financial period reported on**

There were no changes in the number of ordinary shares held as treasury shares by the Company since 31 December 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>At 31.12.2018</u> S\$'000	<u>Reclassification</u> S\$'000	<u>At 1.1.2019</u> S\$'000
<b><u>The Group</u></b>			
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**

Earnings per ordinary share for the period after deducting any provision for preference dividends:-

- (i) Based on weighted average number of ordinary shares  
- Weighted average numbers of shares

- (ii) On a fully diluted basis

<b>The Group</b>	
<b>1st Qtr 2019</b>	<b>1st Qtr 2018</b>
SGD0.89 cents	SGD0.94 cents
758,768,832	758,768,832
Not applicable	Not applicable

7. **Net asset value (for the issuer and group) per ordinary share based on issued shares excluding treasury shares of the issuer at the end of the (a) current financial period reported on and (b) immediately preceding financial year**

	The Group		The Company	
	As at 31 Mar 2019	As at 31 Dec 2018	As at 31 Mar 2019	As at 31 Dec 2018
Net asset value per ordinary share based on existing issued share capital of 758,768,832	S\$0.59	S\$0.57	S\$0.58	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:**

	1st Qtr 2019 <u>S\$'000</u>	1st Qtr 2018 <u>S\$'000</u>	Change %
<b>Revenue from:</b>			
Hotel	12,235	14,715	(16.9)
Property leasing	13,308	13,968	(4.7)
Total revenue	<u>25,543</u>	<u>28,683</u>	(10.9)
<b>Gross Profit from:</b>			
Hotel	4,360	6,301	(30.8)
Property leasing	7,753	7,941	(2.4)
Total gross profit	<u>12,113</u>	<u>14,242</u>	(14.9)
<b>Gross Profit Margin</b>			
Hotel	35.6%	42.8%	(7.2)
Property leasing	58.3%	56.9%	1.4
Overall	<u>47.4%</u>	<u>49.7%</u>	(2.3)

**REVIEW OF PERFORMANCE FOR THE PERIOD ENDED 31 MARCH 2019**

The Group's revenue was lower at S\$25.5 million for the 3-month period ended 31 March 2019 ("1Q2019") primarily attributable to lower hotel revenue. EBITDA and net profit for the current period were S\$14.0 million and S\$6.9 million respectively as compared to S\$16.4 million and S\$7.3 million respectively in the corresponding period in 2018 ("1Q2018").

**REVENUE**

The Group's revenue decreased by 10.9% in 1Q2019 mainly affected by lower hotel revenue and weakening of Chinese Renminbi ("RMB"). Hotel revenue decreased by 16.9% to S\$12.2 million in the current period mainly due to lower average occupancy rate and lower revenue from its food and beverages operations. Average occupancy rate decreased from 79.6% in 1Q2018 to 67.2% in view of the competitive operating environment. Nonetheless, average room rate remained high at RMB1,163 in the current period as compared to RMB1,159 respectively in 1Q2018.

Leasing income decreased by 4.7% to S\$13.3 million in 1Q2019 mainly attributable to lower average leasing occupancy rate for our retail complex and weakening of RMB. The challenging operating environment in Ningbo has continued to affect our leasing activities and resulted in higher vacancy rate during the current period.



## **GROSS PROFIT**

The Group's gross profit decreased by 14.9% to S\$12.1 million in 1Q2019 mainly due to lower revenue recorded, while certain expenses in cost of sales, such as depreciation expenses, had remained fairly constant. Consequently, the Group's gross profit margin decreased from 49.7% in 1Q2018 to 47.4% in 1Q2019.

## **OPERATING EXPENSES**

Selling expenses of S\$0.9 million mainly comprised advertising and promotion expenses, salaries and related expenses and marketing expenses. General and administrative expenses of S\$4.8 million mainly comprised salaries and related expenses, office and hotel supplies, repair and maintenance, professional fees and management fee payable to the hotel operator. Total operating expenses decreased by 12.2% from S\$6.4 million in 1Q2018 to S\$5.7 million mainly due to decreases in salaries and related expenses in line with lower headcount and advertising and promotion expenses.

## **FINANCIAL INCOME**

Financial income increased from S\$0.6 million in 1Q2018 to S\$1.1 million in the current period mainly in line with higher average time deposits during the current period.

## **OTHER OPERATING INCOME, NET**

Net other operating income of S\$2.4 million mainly comprised business assistance grants, advertising income and other miscellaneous income, as well as foreign exchange gain. The Group recorded a foreign exchange gain of S\$1.2 million in 1Q2019 as compared to loss of S\$0.3 million in the corresponding period mainly arising from unrealised translation differences on inter-company balances.

## **REVIEW OF FINANCIAL POSITION AS AT 31 MARCH 2019**

### **ASSETS**

The Group's total assets of S\$509.7 million mainly consist of investment properties of S\$194.4 million; property, plant and equipment of S\$155.7 million and cash and cash equivalents of S\$148.7 million. Total assets increased by S\$10.7 million as compared to S\$499.0 million as at 31 December 2018 mainly attributable to higher cash and cash equivalents and higher trade and other receivables.

### **LIABILITIES**

The Group's total liabilities decreased by S\$3.4 million to S\$44.7 million as at 31 March 2019 mainly due to lower lower income tax payable following payments made during the current period.

## **REVIEW OF CASH FLOWS FOR THE PERIOD ENDED 31 MARCH 2019**

Cash and cash equivalents increased to S\$148.7 million as at 31 March 2019 mainly resulting from net cash generated from operating activities of S\$5.4 million, net of cash used for capital expenditure in 1Q2019.

**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 relatively been not positive as a result of an over-supply market conditions in Shanghai. Hence, in weathering the current storm, the Group shall conduct a strategic review of its market competitiveness by adopting a flexible marketing strategy to improve the rental yield and cost efficiency in the Group's operating performance for the optimisation of the shareholders' value.

**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 and the reason(s) for the decision**

No interim dividend has been declared for the first quarter ended 31 March 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 person transaction entered into during the 3-month period ended 31 March 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 first quarter ended 31 March 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 May 2019

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