


GSH CORPORATION LIMITED
First Quarter Financial Statements for the Period Ended 31/03/2017
PART I - INFORMATION REQUIRED FOR ANNOUNCEMENTS OF QUARTERLY (Q1, Q2 & Q3), HALF-YEAR AND FULL YEAR RESULTS

1(a) An income statement (for the group) together with a comparative statement for the corresponding period of the immediately preceding financial year.

**CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
for the 1st Quarter and 3 Months Ended 31 March**

| | 1st Quarter Ended 31 March | | |
|---|-----------------------------------|-----------------------------------|----------|
| | 31.3.2017 Unaudited S\$'000 | 31.3.2016 Unaudited S\$'000 | +/- % |
| Revenue | 21,001 | 23,461 | (10.5%) |
| Cost of sales | (8,992) | (12,620) | (28.7%) |
| Gross profit | 12,009 | 10,841 | 10.8% |
| Gross profit margin | 57% | 46% | 23.9% |
| Other income | 501 | 422 | 18.7% |
| Distribution and selling expense | (790) | (566) | 39.6% |
| Administrative expenses | (5,825) | (4,795) | 21.5% |
| Other expenses | (16) | (32) | (50.0%) |
| Operating profit | 5,879 | 5,870 | 0.2% |
| Amortisation and depreciation | (2,182) | (2,653) | (17.8%) |
| Exchange loss | (9,277) | (9,405) | (1.4%) |
| Finance expenses | (6,015) | (3,883) | 54.9% |
| Finance income | 1,351 | 1,327 | 1.8% |
| Net change in fair value of financial derivatives | 8,877 | 12,447 | (28.7%) |
| Share of profit of equity-accounted investee | 462 | - | Nm |
| (Loss)/Profit before tax | (905) | 3,703 | Nm |
| Taxation | (759) | (907) | (16.3%) |
| (Loss)/Profit for the period | (1,664) | 2,796 | Nm |
| Attributable to: | | | |
| Owners of the Company | (1,350) | 2,779 | Nm |
| Non-controlling interests | (314) | 17 | Nm |
| | (1,664) | 2,796 | Nm |

| | 1st Quarter Ended 31 March | | |
|---|----------------------------|---------------|-----------|
| | 31.3.2017 | 31.3.2016 | +/- |
| | Unaudited | Unaudited | |
| | S\$'000 | S\$'000 | % |
| (Loss)/Profit for the period | (1,664) | 2,796 | Nm |
| Other comprehensive income: | | | |
| <u>Items that may be reclassified subsequently to profit or loss:</u> | | | |
| Translation differences relating to financial statements of foreign subsidiaries | (5,546) | 9,393 | Nm |
| Exchange differences on monetary items forming part of net investments in a foreign operation | (1,421) | 1,159 | Nm |
| Total comprehensive income for the period | (8,631) | 13,348 | Nm |
| Attributable to: | | | |
| Owners of the Company | (7,083) | 11,099 | Nm |
| Non-controlling interests | (1,548) | 2,249 | Nm |
| | (8,631) | 13,348 | Nm |

Notes to Group profit and loss account

1 a(i) Pre-tax (loss)/profit of the Group is arrived at after charging/(crediting) the following:

| | 1st Quarter Ended 31 March | | |
|--|-----------------------------------|-------------------|------------|
| | 31.03.2017 | 31.03.2016 | +/- |
| | Unaudited | Unaudited | |
| | S\$'000 | S\$'000 | % |
| Personnel expenses | 5,686 | 4,490 | 26.6% |
| Operating lease expenses | 220 | 251 | (12.4%) |
| Non-executive directors' fees | 76 | 74 | 2.7% |
| Executive directors' remuneration | 300 | 274 | 9.5% |
| Depreciation of property, plant & equipment | 2,182 | 2,653 | (17.8%) |
| Foreign exchange loss | 9,277 | 9,405 | (1.4%) |
| Rental income | (382) | (268) | 42.5% |
| Write back of allowance for inventory obsolescence | (2) | (1) | 100.0% |
| (Reversal)/Provision of impairment loss on trade receivables | (1) | 21 | Nm |

Nm - Not meaningful

1(b)(i) A balance sheet (for the company and group), together with a comparative statement as at the end of the immediately preceding financial year.

CONSOLIDATED FINANCIAL POSITION as at 31 March

| | Group | | Company | |
|---|-----------------------------------|----------------------------------|-----------------------------------|----------------------------------|
| | 31.3.2017 Unaudited S\$'000 | 31.12.2016 Audited S\$'000 | 31.3.2017 Unaudited S\$'000 | 31.12.2016 Audited S\$'000 |
| ASSETS | | | | |
| Property, plant and equipment | 392,356 | 397,415 | 28,579 | 21,689 |
| Investment property | 5,928 | 6,158 | - | - |
| Investment in subsidiaries | - | - | 21,734 | 260 |
| Investment in associated company | 41,436 | - | - | - |
| Non-current assets | 439,720 | 403,573 | 50,313 | 21,949 |
| Development property | 200,260 | 783,370 | - | - |
| Inventories | 764 | 737 | - | - |
| Trade receivables | 2,611 | 5,124 | 789 | 1,283 |
| Other receivables, deposits and prepayments | 7,113 | 5,993 | 8,965 | 3,284 |
| Amounts due from subsidiaries (non-trade) | - | - | 340,896 | 356,152 |
| Fixed deposits | 268,942 | 303,883 | 259,522 | 284,704 |
| Cash and bank balances | 7,706 | 13,232 | 1,950 | 2,982 |
| Assets classified as held for sale | 597,206 | - | - | - |
| Current assets | 1,084,602 | 1,112,339 | 612,122 | 648,405 |
| Total assets | 1,524,322 | 1,515,912 | 662,435 | 670,354 |
| EQUITY | | | | |
| Share capital | 343,458 | 343,458 | 343,458 | 343,458 |
| Treasury shares | (5,131) | (5,131) | (5,131) | (5,131) |
| Reserves | 273 | 7,356 | (28,668) | (26,258) |
| Equity attributable to equity holders of the Company | 338,600 | 345,683 | 309,659 | 312,069 |
| Non-controlling interests | 90,903 | 92,451 | - | - |
| Total Equity | 429,503 | 438,134 | 309,659 | 312,069 |
| LIABILITIES | | | | |
| Other payables and accruals | - | 2,176 | - | - |
| Loans and borrowings | 252,041 | 235,091 | 80,273 | 72,559 |
| Redeemable preference shares | 410 | 419 | - | - |
| Deferred tax liabilities | 55,756 | 62,939 | - | - |
| Non current Liabilities | 308,207 | 300,625 | 80,273 | 72,559 |
| Trade payables | 2,661 | 8,057 | - | - |
| Other payables and accruals | 32,800 | 41,063 | 11,105 | 15,173 |
| Loans and borrowings | 301,319 | 650,511 | 244,128 | 244,268 |
| Amounts due to subsidiaries (non-trade) | - | - | 13,811 | 13,948 |
| Amounts due to related parties | 19 | 64,448 | - | - |
| Provision for taxation | 606 | 737 | - | - |
| Derivatives financial liabilities | 3,459 | 12,337 | 3,459 | 12,337 |
| Liabilities classified as held for sale | 445,748 | - | - | - |
| Current Liabilities | 786,612 | 777,153 | 272,503 | 285,726 |
| Total liabilities | 1,094,819 | 1,077,778 | 352,776 | 358,285 |
| Total equity and liabilities | 1,524,322 | 1,515,912 | 662,435 | 670,354 |

1(b)(ii) Aggregate amount of group's borrowings and debt securities (including borrowings in liabilities classified as held for sale)

Amount repayable in one year or less, or on demand

| As at 31 March 2017 | | | As at 31 December 2016 | | |
|---------------------|-----------|---------|------------------------|-----------|---------|
| Secured | Unsecured | Total | Secured | Unsecured | Total |
| S\$'000 | S\$'000 | S\$'000 | S\$'000 | S\$'000 | S\$'000 |
| 660,944 | - | 660,944 | 650,511 | - | 650,511 |

Amount repayable after one year

| As at 31 March 2017 | | | As at 31 December 2016 | | |
|---------------------|-----------|---------|------------------------|-----------|---------|
| Secured | Unsecured | Total | Secured | Unsecured | Total |
| S\$'000 | S\$'000 | S\$'000 | S\$'000 | S\$'000 | S\$'000 |
| 192,829 | 59,622 | 252,451 | 175,512 | 59,998 | 235,510 |

Total borrowings*

| As at 31 March 2017 | | | As at 31 December 2016 | | |
|---|-----------|---------|---|-----------|---------|
| Secured | Unsecured | Total | Secured | Unsecured | Total |
| S\$'000 | S\$'000 | S\$'000 | S\$'000 | S\$'000 | S\$'000 |
| 853,773 | 59,622 | 913,395 | 826,023 | 59,998 | 886,021 |
| - Attributable to owners of the Company | | 693,955 | - Attributable to owners of the Company | | 664,424 |
| - Attributable to non-controlling interests | | 219,440 | - Attributable to non-controlling interests | | 221,597 |

Less: Cash and cash equivalents

| As at 31 March 2017 | | | As at 31 December 2016 | | |
|---|--|---------|---|--|---------|
| As shown in the statement of financial position | Included in assets classified as held for sale | Total | As shown in the statement of financial position | Included in assets classified as held for sale | Total |
| S\$'000 | S\$'000 | S\$'000 | S\$'000 | S\$'000 | S\$'000 |
| 276,648 | 40,868 | 317,516 | 317,115 | - | 317,115 |
| - Attributable to owners of the Company | | S\$'000 | - Attributable to owners of the Company | | S\$'000 |
| - Attributable to non-controlling interests | | 294,221 | - Attributable to non-controlling interests | | 307,158 |
| | | 23,295 | | | 9,957 |

Net borrowings

| As at 31 March 2017 | | As at 31 December 2016 | |
|---|--|---|--|
| S\$'000 | | S\$'000 | |
| 595,879 | | 568,906 | |
| - Attributable to owners of the Company | | - Attributable to owners of the Company | |
| 399,734 | | 357,266 | |
| - Attributable to non-controlling interests | | - Attributable to non-controlling interests | |
| 196,145 | | 211,640 | |

Details of any collateral

As at 31 March 2017, the Group's borrowings were secured by legal charges on certain of the Group's development land and hotel properties, pledge of fixed deposits and bank balances of S\$261,803,000 (FY2016: S\$271,796,000), office equipment and operating equipment with total carrying amount of S\$1,151,000 (FY2016: S\$1,256,000).

*Including redeemable preference shares

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

GROUP CONSOLIDATED STATEMENT OF CASH FLOWS

| | GROUP | |
|--|-----------------------------------|------------------|
| | 1st Quarter Ended 31 March | |
| | 2017 | 2016 |
| | Unaudited | Unaudited |
| | S\$'000 | S\$'000 |
| Cash flows from operating activities | | |
| (Loss)/Profit for the period | (1,664) | 2,796 |
| Adjustment for: | | |
| Depreciation of property, plant & equipment | 2,182 | 2,653 |
| Interest expense | 6,015 | 3,883 |
| Interest income | (1,351) | (1,327) |
| Write back of allowance for inventory obsolescence | (2) | (1) |
| Loss on disposal of property, plant & equipment | 6 | 9 |
| (Reversal)/Provision of impairment loss on trade receivables | (1) | 21 |
| Unrealised foreign exchange gain arising from revaluation of fixed deposit pledged | 9,359 | 8,880 |
| Share of profit of equity-accounted investee | (462) | - |
| Net change in fair value of financial derivatives | (8,877) | (12,447) |
| Tax expense | 759 | 907 |
| Operating profit before working capital changes | 5,964 | 5,374 |
| Change in | | |
| Development property | 36,213 | (15,032) |
| Inventories | (25) | 17 |
| Trade and other receivables | (10,194) | 20,403 |
| Trade and other payables | (1,667) | (449) |
| Cash from operations | 30,291 | 6,768 |
| Tax (paid)/refund, net | (829) | 140 |
| Net cash from operating activities | 29,462 | 6,908 |
| Cash flows from investing activities | | |
| Purchase of property, plant and equipment | (215) | (258) |
| Payment for investment in associated company | (40,974) | - |
| Payment of remaining consideration on acquisition of subsidiaries | - | (8,720) |
| Decrease in deposit pledged | 634 | 2,334 |
| Interest received | 444 | 149 |
| Proceeds from disposal of property, plant and equipment | - | - |
| Net cash used in investing activities | (40,111) | (6,495) |

| | GROUP | |
|--|-----------------------------------|------------------|
| | 1st Quarter Ended 31 March | |
| | 2017 | 2016 |
| | Unaudited | Unaudited |
| | S\$'000 | S\$'000 |
| Cash flows from financing activities | | |
| Finance expense paid (including amounts capitalised in development property) | (5,553) | (6,643) |
| Proceeds of finance lease obligations | - | 158 |
| Payment of finance lease obligations | (89) | (76) |
| Proceeds from borrowings | 34,344 | 15,541 |
| Repayment of borrowings | (7,816) | (24,996) |
| Net cash from/(used in) financing activities | 20,886 | (16,016) |
| Net increase/(decrease) in cash and cash equivalents | 10,237 | (15,603) |
| Effect of exchange rate changes on balances held in foreign currencies | 157 | 172 |
| Cash and cash equivalents at beginning of the period | 45,319 | 79,780 |
| Cash and cash equivalents at end of the period (Note A) | 55,713 | 64,349 |

| | GROUP | |
|--|-----------------------------------|------------------|
| | 1st Quarter Ended 31 March | |
| | 2017 | 2016 |
| | Unaudited | Unaudited |
| | S\$'000 | S\$'000 |
| Note A: Cash and cash equivalents comprise: | | |
| Fixed deposits as shown in the statement of financial position | 268,942 | 332,886 |
| Cash and bank balances as shown in the statement of financial position | 7,706 | 7,192 |
| Fixed deposits and cash and bank balances included in assets classified as held for sale | 40,868 | - |
| | 317,516 | 340,078 |
| Less: fixed deposits pledged | (261,803) | (275,729) |
| Cash and cash equivalents | 55,713 | 64,349 |

1(d)(i) A statement (for the company 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.

Statement of changes in Equity as at 31 March 2017

| Group | Attributable to owners of Company | | | | | | Non-controlling interest | Total Equity |
|--|-----------------------------------|-----------------|----------------------|----------------------|---------------------|----------------|--------------------------|----------------|
| | Share capital | Treasury Shares | Asset | | Accumulated profits | Total | | |
| | | | revaluation reserves | Translation reserves | | | | |
| S\$'000 | S\$'000 | S\$'000 | S\$'000 | S\$'000 | S\$'000 | S\$'000 | S\$'000 | |
| At 1 January 2017 | 343,458 | (5,131) | 4,132 | (41,011) | 44,235 | 345,683 | 92,451 | 438,134 |
| Total comprehensive income for the year | | | | | | | | |
| Loss for the period | - | - | - | - | (1,350) | (1,350) | (314) | (1,664) |
| Other comprehensive income | | | | | | | | |
| Foreign currency translation differences relating to foreign operations | - | - | - | (4,312) | - | (4,312) | (1,234) | (5,546) |
| Exchange differences on monetary items forming part of net investment in a foreign operation | - | - | - | (1,421) | - | (1,421) | - | (1,421) |
| Total other comprehensive income, net of tax | - | - | - | (5,733) | - | (5,733) | (1,234) | (6,967) |
| Total comprehensive income for the year | - | - | - | (5,733) | (1,350) | (7,083) | (1,548) | (8,631) |
| As at 31 March 2017 | 343,458 | (5,131) | 4,132 | (46,744) | 42,885 | 338,600 | 90,903 | 429,503 |

Statement of changes in Equity as at 31 March 2016

| Group | Attributable to owners of Company | | | | | | Non-controlling interest | Total Equity |
|--|-----------------------------------|-----------------|----------------------|----------------------|---------------------|----------------|--------------------------|----------------|
| | Share capital | Treasury Shares | Asset | | Accumulated profits | Total | | |
| | | | revaluation reserves | Translation reserves | | | | |
| S\$'000 | S\$'000 | S\$'000 | S\$'000 | S\$'000 | S\$'000 | S\$'000 | S\$'000 | |
| At 1 January 2016 | 343,458 | - | 4,132 | (36,707) | 48,861 | 359,744 | 93,369 | 453,113 |
| Total comprehensive income for the year | | | | | | | | |
| Profit for the period | - | - | - | - | 2,779 | 2,779 | 17 | 2,796 |
| Other comprehensive income | | | | | | | | |
| Foreign currency translation differences relating to foreign operations | - | - | - | 7,161 | - | 7,161 | 2,232 | 9,393 |
| Exchange differences on monetary items forming part of net investment in a foreign operation | - | - | - | 1,159 | - | 1,159 | - | 1,159 |
| Total other comprehensive income, net of tax | - | - | - | 8,320 | - | 8,320 | 2,232 | 10,552 |
| Total comprehensive income for the year | - | - | - | 8,320 | 2,779 | 11,099 | 2,249 | 13,348 |
| As at 31 March 2016 | 343,458 | - | 4,132 | (28,387) | 51,640 | 370,843 | 95,618 | 466,461 |

Statement of changes in Equity as at 31 March 2017**Company**

| | Share capital S\$'000 | Treasury Share S\$'000 | Accumulated losses S\$'000 | Total S\$'000 |
|--|--------------------------------------|---------------------------------------|---|--------------------------|
| As at 1 January 2017 | 343,458 | (5,131) | (26,258) | 312,069 |
| Total comprehensive income for the period | | | | |
| Loss for the period | - | - | (2,410) | (2,410) |
| Total comprehensive income for the period | - | - | (2,410) | (2,410) |
| As at 31 March 2017 | 343,458 | (5,131) | (28,668) | 309,659 |
| As at 1 January 2016 | 343,458 | - | (25,678) | 317,780 |
| Total comprehensive income for the period | | | | |
| Profit for the period | - | - | 3,444 | 3,444 |
| Total comprehensive income for the period | - | - | 3,444 | 3,444 |
| As at 31 March 2016 | 343,458 | - | (22,234) | 321,224 |

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.

Details changes in the company's share capital arising from share buy-backs are as follows:

| | Number of shares issued and fully paid | Share capital S\$'000 | Number of treasury shares | Treasury shares S\$'000 |
|-----------------------------|---|------------------------------|----------------------------------|--------------------------------|
| As at 1 January 2017 | 1,977,036,050 | 343,458 | (18,102,700) | (5,131) |
| Purchase of treasury shares | - | - | - | - |
| As at 31 March 2017 | 1,977,036,050 | 343,458 | (18,102,700) | (5,131) |

| | Number of shares issued and fully paid | Share capital S\$'000 | Number of treasury shares | Treasury shares S\$'000 |
|-----------------------------|---|------------------------------|----------------------------------|--------------------------------|
| As at 1 January 2016 | 1,977,036,050 | 343,458 | - | - |
| Purchase of treasury shares | - | - | - | - |
| As at 31 March 2016 | 1,977,036,050 | 343,458 | - | - |

The percentage of the aggregate number of treasury shares held against the total number of shares issued as at 31 March 2017 is 0.92% (31 March 2016: Nil).

1(d)(iii) To show the total 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.

| | |
|---|----------------------|
| | 31.03.2017 |
| Total number of issued shares | 1,977,036,050 |
| Total number of treasury shares | (18,102,700) |
| Total number of issued shares (excluding treasury shares) | <u>1,958,933,350</u> |
| | 31.03.2016 |
| Total number of issued shares | 1,977,036,050 |
| Total number of treasury shares | - |
| Total number of issued shares (excluding treasury shares) | <u>1,977,036,050</u> |

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 sales, transfers, disposal, cancellation and/or use of treasury shares as at the end of the current financial period reported on.

1(d)(v) A statement showing all sales, transfers, disposal, cancellation and/or use of subsidiary holdings as at the end of the current financial period reported on.

There were no sales, transfers, disposal, cancellation and/or use of subsidiary holdings as at the end of the current financial period reported on.

2. Whether the figures have been audited or reviewed and in accordance with which auditing standard or practice.

The figures have not been audited or reviewed by the Company's auditors.

3. Where the figures have been audited or reviewed, the auditors' report (including any qualifications or emphasis of a 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 in the financial statements for the current financial period as those applied in the Group's most recently audited financial statements for the year ended 31 December 2016.

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 adopted a number of new standards, amendments to standards and interpretations that are effective for annual periods beginning on 1 January 2016. The adoption of these new standards, amendments to standards and interpretations did not result in any significant impact on the financial statements of the Group.

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.**

| | 1st Quarter Ended 31 March | | |
|--|----------------------------|-----------|-------|
| | 31.3.2017 | 31.3.2016 | +/- % |
| Earnings per ordinary share of the Group based on net profit/(loss) attributable to shareholders:- | | | |
| i) Based on weighted average number of shares (cents) | (0.069) | 0.141 | Nm |
| -Weighted average number of shares ('000) | 1,958,933 | 1,977,036 | |
| ii) On a fully diluted basis (cents) | (0.069) | 0.141 | Nm |
| -Adjusted weighted average number of shares ('000) | 1,958,933 | 1,977,036 | |

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

| | Group | | | Company | | |
|------------------------------------|---------------------------|---------------------------|-------|---------------------------|---------------------------|-------|
| | 31.03.2017 (S\$ cents) | 31.12.2016 (S\$ cents) | +/- % | 31.03.2017 (S\$ cents) | 31.12.2016 (S\$ cents) | +/- % |
| Net asset value per ordinary share | 17.28 | 17.65 | -2.1% | 15.81 | 16.07 | -1.6% |

8. **A review of the performance of the group, to the extent necessary for a reasonable understanding of the group's business. It must include a discussion of the following (a) 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; and (b) any material factors that affected the cash flow, working capital, assets or liabilities of the group during the current financial period reported on.**

Profit and Loss

The Group recorded revenue of S\$21.0 million in Q12017, compared to S\$23.5 million in Q12016, and an operating profit of S\$5.9 million in both Q12017 and Q12016. It posted a net loss after tax of S\$1.7 million in Q12017, against a net profit after tax of S\$2.8 million in Q12016.

In Q12017, our property business contributed S\$3.3 million in revenue, compared to S\$8.2 million in Q12016.

Our hospitality business grew by 16% from S\$15.3 million in Q12016 to S\$17.7 million in Q12017, due mainly to the increase in room occupancy and average room rates at our two hotels in Sutera Harbour Resort in Kota Kinabalu, Sabah.

Higher administrative expenses of S\$5.8 million were incurred in Q12017, compared to S\$4.8 million in Q12016, due mainly to the implementation of a new wage structure as required by the Malaysian authorities for all hotels, which resulted in an increase of staff costs by approximately S\$1.1 million quarter-on-quarter. Along with the implementation of the new wage structure, service charges were also merged into revenue (which was partially the reason for the increase in the hospitality revenue in Q12017).

Higher finance expenses of S\$6.0 million were recorded in Q12017, compared to S\$3.9m in Q12016, due mainly to the direct expensing of interest costs incurred for GSH Plaza project after Temporary Occupation Permit ("TOP"). Prior to TOP, interest costs were capitalised under development property in the statement of financial position.

The Group had entered into a loan and deposit arrangement with a bank, which had a foreign exchange exposure. This exposure was fully hedged with a financial derivative. Consequently, the Group recorded an unrealised exchange loss of S\$9.2 million from the loan and deposit arrangement and an unrealised fair value gain on financial derivative of S\$8.9 million in Q12017.

After the completion of the Group's investment into the food logistics hub (Henan Zhongyuan) on 10 March 2017 ("Henan Investment"), the Group recorded a S\$0.5 million share of profit from the associated company in Q12017.

Balance Sheet

Investment in associated company of S\$41.4 million was recorded as of 31 March 2017, following the legal completion of the Henan Investment.

The increase in loans and borrowings (including redeemable preference shares and borrowings in liabilities classified as held for sale), from S\$885.6 million as at 31 December 2016, to S\$913.0 million as at 31 March 2017, was due to additional loans disbursed in Q12017 for the Group's Henan Investment, and purchase of level 28 of GSH Plaza as its corporate office.

On 3 March 2017, the Group entered into a binding conditional sale and purchase agreement with a third party to dispose of a subsidiary, Plaza Ventures Pte Ltd ("The Proposed Sale") and subsequently the proposed sale was approved by the Company's shareholders at the Extraordinary General Meeting held on 20 April 2017. Accordingly, the assets and liabilities of Plaza Ventures Pte Ltd were classified as assets and liabilities held for sale, in the statement of financial position, in accordance with accounting standards. Consequentially, arising from the reclassification, various assets and liabilities items in the statement of position were reduced accordingly.

Cash Flow Analysis

For the financial year ended 31 March 2017, the operating profit before working capital changes, was S\$6.0 million. However, after adjusting for working capital changes, the Group recorded a net cash inflow from operating activities, of S\$29.5 million.

The Group registered a net cash outflow from investing activities of S\$40.1 million, which was due mainly to the payment made for investment in an associated company of S\$41.0 million.

The Group recorded a net cash inflow from financing activities of S\$20.9 million, which was due mainly to net loan proceeds of S\$26.5 million during the financial year, offset by payments made to finance expenses of S\$5.6 million.

- 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 significant trends and 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.**

Property Industry

In light of the current volatile economic environment in the region, 2017 will continue to be challenging. However, we are observing improved sentiments in certain niche markets.

Hospitality Industry

We continue to see a positive outlook in the hospitality industry in Malaysia.

- 11. Dividend**

(a) Current Financial Period Reported On

Any dividend recommended 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 have been declared/recommended, a statement to that effect.

No dividend has been declared in respect of the current financial period.

13. If the Group has obtained a general mandate from shareholders for IPTs, the aggregate value of such transactions as required under Rule 920(1)(a)(ii). If no IPT mandate has been obtained, a statement to that effect.

The Company does not have a general mandate for IPTs.

14. Segment Analysis**SEGMENT ANALYSIS**

| | 3 Months Ended 31 March 2017 | | | | 3 Months Ended 31 March 2016 | | | |
|--|------------------------------|---------------------|--------------------|------------------|------------------------------|---------------------|--------------------|------------------|
| | Hospitality S\$'000 | Property S\$'000 | Others* S\$'000 | Total S\$'000 | Hospitality S\$'000 | Property S\$'000 | Others* S\$'000 | Total S\$'000 |
| Segment revenue | 17,738 | 3,913 | 750 | 22,401 | 15,276 | 8,185 | 750 | 24,211 |
| Elimination of inter-segment revenue | - | (650) | (750) | (1,400) | - | - | (750) | (750) |
| External revenue | 17,738 | 3,263 | - | 21,001 | 15,276 | 8,185 | - | 23,461 |
| Interest income | 103 | 35 | 1,213 | 1,351 | 116 | 126 | 1,085 | 1,327 |
| Interest expense | (2,113) | (2,011) | (1,891) | (6,015) | (2,390) | (616) | (877) | (3,883) |
| Depreciation | (1,980) | (152) | (50) | (2,182) | (2,603) | (2) | (48) | (2,653) |
| Reportable segment (loss)/profit before tax | 3,733 | (1,910) | (2,728) | (905) | 1,630 | (629) | 2,702 | 3,703 |
| Tax expense | (1,065) | 306 | - | (759) | (787) | (120) | - | (907) |
| Reportable segment (loss)/profit after tax | 2,668 | (1,604) | (2,728) | (1,664) | 843 | (749) | 2,702 | 2,796 |
| Share of profit of equity-accounted investee | - | 462 | - | 462 | - | - | - | - |
| Reportable segment assets | 380,236 | 850,085 | 294,001 | 1,524,322 | 416,946 | 818,112 | 308,108 | 1,543,166 |
| Reportable segment liabilities | (208,493) | (547,360) | (338,966) | (1,094,819) | (234,302) | (563,729) | (278,674) | (1,076,705) |

* General corporate activities

Geographical Information

| | Revenue 3 months ended 31 March | | Non-current assets 3 months ended 31 March | |
|-------------|------------------------------------|-----------------|---|-----------------|
| | 2017 S\$'000 | 2016 S\$'000 | 2017 S\$'000 | 2016 S\$'000 |
| Malaysia | 17,738 | 15,276 | 364,676 | 400,468 |
| China | - | - | 41,436 | - |
| Singapore | 3,263 | 8,185 | 27,680 | 736 |
| Middle East | - | - | 5,928 | 7,815 |
| Total | 21,001 | 23,461 | 439,720 | 409,019 |

15. Negative Assurance Confirmation Under Rule 705(5) of the Listing Manual

We, Gilbert Ee Guan Hui and Kenneth Goi Kok Ming, being the two Executive Directors of GSH Corporation Limited, do hereby confirm on behalf of the directors of the Company that, to the best of their knowledge, nothing has come to the attention of the Board of Directors of the Company which may render the 1Q2017 financial results to be false or misleading in any material respect.

16. Confirmation that the issuer has procured undertakings from all its directors and executive officers (in the format set out in Appendix 7.7) under Rule 720(1).

The Company confirms it has procured the undertakings.

BY ORDER OF THE BOARD

Lee Tiong Hock
Company Secretary
5 May 2017