


GSH CORPORATION LIMITED
Half Yearly Financial Statements for the Period Ended 30/06/2016 and Update of Proposed Investment in Henan Zhongyuan
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 second quarter and half year ended 30 June

	Second Quarter Ended 30 June			Half Year Ended 30 June		
	30.6.2016 Unaudited S\$'000	30.6.2015 Unaudited S\$'000	+/- %	30.6.2016 Unaudited S\$'000	30.6.2015 Unaudited S\$'000	+/- %
Revenue	17,668	65,323	(73.0%)	41,129	79,627	(48.3%)
Cost of sales	(9,287)	(42,896)	(78.3%)	(21,907)	(48,761)	(55.1%)
Gross profit	8,381	22,427	(62.6%)	19,222	30,866	(37.7%)
Gross profit margin	47%	34%	38.2%	47%	39%	20.5%
Other income	608	380	60.0%	1,030	4,649	(77.8%)
Distribution and selling expense	(1,064)	(1,209)	(12.0%)	(1,630)	(1,901)	(14.3%)
Administrative expenses	(5,150)	(5,608)	(8.2%)	(9,945)	(11,396)	(12.7%)
Other expenses	(12)	(54)	(77.8%)	(44)	(460)	(90.4%)
Operating profit	2,763	15,936	(82.7%)	8,633	21,758	(60.3%)
Amortisation and depreciation	(1,496)	(2,814)	(46.8%)	(4,149)	(5,658)	(26.7%)
Exchange gain/(loss)	(4,922)	35	Nm	(14,327)	341	Nm
Finance expenses	(4,156)	(4,310)	(3.6%)	(8,039)	(8,366)	(3.9%)
Finance income	1,238	1,062	16.6%	2,565	1,997	28.4%
Net change in fair value of financial derivatives	4,317	1,052	Nm	16,764	1,486	Nm
(Loss)/Profit before tax	(2,256)	10,961	Nm	1,447	11,558	(87.5%)
Taxation	(1,432)	(2,682)	(46.6%)	(2,339)	(3,303)	(29.2%)
(Loss)/Profit for the period	(3,688)	8,279	Nm	(892)	8,255	Nm
Attributable to:						
Owners of the Company	(3,186)	3,534	Nm	(407)	3,171	Nm
Non-controlling interests	(502)	4,745	Nm	(485)	5,084	Nm
	(3,688)	8,279	Nm	(892)	8,255	Nm

	Second Quarter Ended 30 June			Half Year Ended 30 June		
	30.6.2016 Unaudited S\$'000	30.6.2015 Unaudited S\$'000	+/- %	30.6.2016 Unaudited S\$'000	30.6.2015 Unaudited S\$'000	+/- %
(Loss)/Profit for the period	(3,688)	8,279	Nm	(892)	8,255	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	(8,680)	(9,025)	(3.8%)	713	(14,485)	Nm
Exchange differences on monetary items forming part of net investments in a foreign operation	(959)	-	Nm	200	-	Nm
Total comprehensive income for the period	(13,327)	(746)	Nm	21	(6,230)	Nm
Attributable to:						
Owners of the Company	(10,909)	(3,380)	Nm	190	(7,882)	Nm
Non-controlling interests	(2,418)	2,634	Nm	(169)	1,652	Nm
	(13,327)	(746)	Nm	21	(6,230)	Nm

Nm - Not meaningful

Notes to Group profit and loss account

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

	2nd Quarter Ended 30 June			Half Year Ended 30 June		
	30.6.2016 Unaudited S\$'000	30.6.2015 Unaudited S\$'000	+/- %	30.6.2016 Unaudited S\$'000	30.6.2015 Unaudited S\$'000	+/- %
Personnel expenses	4,695	4,834	(2.9%)	9,185	9,274	(1.0%)
Operating lease expenses	289	494	(41.5%)	540	994	(45.7%)
Non-executive directors' fees	89	107	(16.8%)	163	181	(9.9%)
Executive directors' remuneration	299	644	(53.6%)	573	938	(38.9%)
Depreciation of property, plant & equipment	1,496	2,814	(46.8%)	4,149	5,658	(26.7%)
Foreign exchange loss/(gain), net	4,922	(35)	Nm	14,327	(341)	Nm
Rental income	(385)	(250)	54.0%	(653)	(4,349)	(85.0%)
Write back of allowance for inventory obsolescence	(14)	(11)	27.3%	(15)	(17)	(11.8%)
(Reversal)/Provision of impairment losses on trade receivables	(12)	26	Nm	9	(5)	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 30 June

	Group		Company	
	30.06.2016 Unaudited S\$'000	31.12.2015 Audited S\$'000	30.06.2016 Unaudited S\$'000	31.12.2015 Audited S\$'000
ASSETS				
Property, plant and equipment	387,156	387,064	702	782
Investment property	7,774	8,089	-	-
Investment in subsidiaries	-	-	193	193
Non-current assets	394,930	395,153	895	975
Development property	785,039	757,700	-	-
Inventories	876	1,055	-	-
Trade receivables	775	23,536	33	-
Other receivables, deposits and prepayments	4,143	6,000	1,336	2,317
Amount due from subsidiaries (non-trade)	-	-	312,025	292,300
Fixed deposits	354,991	343,937	330,796	323,326
Cash and bank balances	13,398	22,786	1,412	2,854
Derivatives financial assets	3,975	-	3,975	-
Current assets	1,163,197	1,155,014	649,577	620,797
Total assets	1,558,127	1,550,167	650,472	621,772
EQUITY				
Share capital	343,458	343,458	343,458	343,458
Treasury shares	(1,536)	-	(1,536)	-
Reserves	15,488	16,286	(24,888)	(25,678)
Equity attributable to equity holders of the Company	357,410	359,744	317,034	317,780
Non-controlling interests	93,200	93,369	-	-
Total Equity	450,610	453,113	317,034	317,780
LIABILITIES				
Other payables and accruals	1,442	871	-	-
Loans and borrowings	536,359	586,994	60,000	-
Redeemable preference shares	428	425	-	-
Deferred tax liabilities	64,243	62,630	-	-
Non current Liabilities	602,472	650,920	60,000	-
Trade payables	4,639	7,613	-	-
Other payables and accruals	36,078	41,545	17,025	20,830
Loans and borrowings	400,220	312,237	243,300	256,900
Amount due to subsidiaries (non-trade)	-	-	13,113	13,472
Amount due to related parties	63,095	71,867	-	-
Provision for taxation	1,013	82	-	-
Derivatives financial liabilities	-	12,790	-	12,790
Current Liabilities	505,045	446,134	273,438	303,992
Total liabilities	1,107,517	1,097,054	333,438	303,992
Total equity and liabilities	1,558,127	1,550,167	650,472	621,772

1(b)(ii) Aggregate amount of group's borrowings and debt securities.**Amount repayable in one year or less, or on demand**

As at 30 June 2016			As at 31 December 2015		
Secured	Unsecured	Total	Secured	Unsecured	Total
S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000
400,220	-	400,220	312,237	-	312,237

Amount repayable after one year

As at 30 June 2016			As at 31 December 2015		
Secured	Unsecured	Total	Secured	Unsecured	Total
S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000
476,359	60,428	536,787	586,994	425	587,419

Total borrowings*

As at 30 June 2016			As at 31 December 2015		
Secured	Unsecured	Total	Secured	Unsecured	Total
S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000
876,579	60,428	937,007	899,231	425	899,656
- Attributable to owners of the Company		687,437	- Attributable to owners of the Company		648,568
- Attributable to non-controlling interests		249,570	- Attributable to non-controlling interests		251,088

Less: Cash and cash equivalents

As at 30 June 2016			As at 31 December 2015		
S\$'000			S\$'000		
368,389			366,723		
- Attributable to owners of the Company		S\$'000	- Attributable to owners of the Company		S\$'000
		356,098			351,246
- Attributable to non-controlling interests		12,291	- Attributable to non-controlling interests		15,477

Net borrowings

As at 30 June 2016			As at 31 December 2015		
S\$'000			S\$'000		
568,618			532,933		
- Attributable to owners of the Company		S\$'000	- Attributable to owners of the Company		S\$'000
		331,339			297,322
- Attributable to non-controlling interests		237,279	- Attributable to non-controlling interests		235,611

Details of any collateral

As at 30 June 2016, 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\$255,875,000 (FY2015: S\$286,943,000), office equipment and operating equipment with total carrying amount of S\$1,133,000 (FY2015: S\$973,000).

*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		GROUP	
	2nd Quarter Ended 30 June	2015	Half Year Ended 30 June	2015
	Unaudited	Unaudited	Unaudited	Unaudited
	S\$'000	S\$'000	S\$'000	S\$'000
Cash flows from operating activities				
(Loss)/Profit for the period	(3,688)	8,279	(892)	8,255
Adjustment for:				
Depreciation of property, plant & equipment	1,496	2,814	4,149	5,658
Interest expense	4,156	4,310	8,039	8,366
Interest income	(1,238)	(1,062)	(2,565)	(1,997)
(Write back of allowance)/Allowance for inventory obsolescence	(14)	(11)	(15)	(17)
Gain on disposal of property, plant & equipment	(16)	(77)	(7)	(84)
(Reversal)/Provision of impairment loss on trade receivables	(12)	26	9	(5)
Unrealised foreign exchange gain arising from revaluation of fixed deposit pledged	5,970	-	14,850	-
Net change in fair value of financial derivatives	(4,317)	(1,052)	(16,764)	(1,486)
Tax expense	1,432	2,682	2,339	3,303
Operating profit before working capital changes	3,769	15,909	9,143	21,993
Change in				
Development property	(5,574)	18,105	(20,606)	16,355
Inventories	177	132	194	24
Trade receivables	2,349	(18,143)	22,752	(16,780)
Other receivables, deposits and prepayments	1,102	2,810	1,871	2,318
Trade payables	(1,257)	(201)	(1,706)	(919)
Other payable and accruals	(2,519)	(3,796)	(6,833)	(18,182)
Cash (used in)/from operations	(1,953)	14,816	4,815	4,809
Tax paid, net	(218)	(383)	(78)	(436)
Net cash (used in)/from operating activities	(2,171)	14,433	4,737	4,373
Cash flows from investing activities				
Purchase of property, plant and equipment	(601)	(1,418)	(859)	(3,234)
Receipt of remaining consideration on the disposal of trading and distribution business	-	-	-	9,104
Payment of remaining consideration on acquisition of subsidiaries	-	-	(8,720)	-
Decrease/(increase) in deposit pledged	13,884	(16,658)	16,218	(16,559)
Interest received	2,402	159	2,551	329
Proceeds from disposal of property, plant and equipment	-	80	2	88
Net cash from/(used in) investing activities	15,685	(17,837)	9,192	(10,272)

	GROUP		GROUP	
	2nd Quarter Ended 30 June		Half Year Ended 30 June	
	2016	2015	2016	2015
	Unaudited	Unaudited	Unaudited	Unaudited
	S\$'000	S\$'000	S\$'000	S\$'000
Cash flows from financing activities				
Capital contribution by non-controlling interest	-	75	-	75
Finance expense paid (including amounts capitalised in development property)	(7,933)	(6,746)	(14,576)	(13,729)
Proceeds of finance lease obligations	58	54	216	875
Payment of finance lease obligations	(77)	(89)	(153)	(155)
Proceeds from borrowings	67,892	57,875	83,433	58,986
Repayment of borrowings	(22,945)	(53,662)	(47,941)	(53,662)
Purchase of treasury shares	(1,536)	-	(1,536)	-
Dividend paid	(988)	(4,943)	(988)	(4,943)
Net cash from/(used in) financing activities	34,471	(7,436)	18,455	(12,553)
Net increase/(decrease) in cash and cash equivalents	47,985	(10,842)	32,384	(18,452)
Effect of exchange rate changes on balances held in foreign currencies	178	(793)	350	(730)
Cash and cash equivalents at beginning of the period	64,351	123,521	79,780	131,068
Cash and cash equivalents at end of the period (Note A)	112,514	111,886	112,514	111,886

	GROUP		GROUP	
	2nd Quarter Ended 30 June		Half Year Ended 30 June	
	2016	2015	2016	2015
	Unaudited	Unaudited	Unaudited	Unaudited
	S\$'000	S\$'000	S\$'000	S\$'000
Note A: Cash and cash equivalents comprise:				
Fixed deposits	354,991	353,642	354,991	353,642
Cash on hand and at bank	13,398	29,622	13,398	29,622
	368,389	383,264	368,389	383,264
Less: fixed deposits pledged	(255,875)	(271,378)	(255,875)	(271,378)
Cash and cash equivalents	112,514	111,886	112,514	111,886

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 30 June 2016

Group	Attributable to owners of Company							Non-controlling interest	Total Equity
	Share capital	Treasury Shares	Asset		Accumulated profits	Total	S\$'000		
			revaluation reserves	Translation reserves					
S\$'000	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	
Total comprehensive income for the year									
Profit for the period	-	-	-	-	(3,186)	(3,186)	(502)	(3,688)	
Other comprehensive income									
Foreign currency translation differences relating to foreign operations	-	-	-	(6,764)	-	(6,764)	(1,916)	(8,680)	
Exchange differences on monetary items forming part of net investment in a foreign operation	-	-	-	(959)	-	(959)	-	(959)	
Total other comprehensive income, net of tax	-	-	-	(7,723)	-	(7,723)	(1,916)	(9,639)	
Total comprehensive income for the year	-	-	-	(7,723)	(3,186)	(10,909)	(2,418)	(13,327)	
Transactions with owners, recognised directly in equity									
Contributions by and distributions to owners									
Purchase of treasury shares	-	(1,536)	-	-	-	(1,536)	-	(1,536)	
Dividends declared and paid	-	-	-	-	(988)	(988)	-	(988)	
Total transactions with owners	-	(1,536)	-	-	(988)	(2,524)	-	(2,524)	
As at 30 June 2016	343,458	(1,536)	4,132	(36,110)	47,466	357,410	93,200	450,610	

Statement of changes in Equity as at 30 June 2015

Group	Attributable to owners of Company						Total Equity S\$'000
	Share capital S\$'000	Asset		Accumulated profits S\$'000	Total S\$'000	Non- controlling interest S\$'000	
		revaluation reserves S\$'000	Translation reserves S\$'000				
At 1 January 2015	343,458	4,132	(8,594)	37,439	376,435	90,384	466,819
Total comprehensive income for the year							
Loss for the period	-	-	-	(363)	(363)	339	(24)
Other comprehensive income							
Foreign currency translation differences relating to foreign operations	-	-	(4,139)	-	(4,139)	(1,321)	(5,460)
Total other comprehensive income, net of tax	-	-	(4,139)	-	(4,139)	(1,321)	(5,460)
Total comprehensive income for the year	-	-	(4,139)	(363)	(4,502)	(982)	(5,484)
As at 31 March 2015	343,458	4,132	(12,733)	37,076	371,933	89,402	461,335
Total comprehensive income for the year							
Profit for the period	-	-	-	3,534	3,534	4,745	8,279
Other comprehensive income							
Foreign currency translation differences relating to foreign operations	-	-	(6,914)	-	(6,914)	(2,111)	(9,025)
Total other comprehensive income, net of tax	-	-	(6,914)	-	(6,914)	(2,111)	(9,025)
Total comprehensive income for the year	-	-	(6,914)	3,534	(3,380)	2,634	(746)
Transactions with owners, recognised directly in equity							
Contributions by and distributions to owners							
Capital contribution by non-controlling interests	-	-	-	-	-	75	75
Dividends declared and paid	-	-	-	(4,943)	(4,943)	-	(4,943)
Total transactions with owners	-	-	-	(4,943)	(4,943)	75	(4,868)
As at 30 June 2015	343,458	4,132	(19,647)	35,667	363,610	92,111	455,721

Statement of changes in Equity as at 30 June 2016**Company**

	Share capital S\$'000	Treasury Share S\$'000	Accumulated losses S\$'000	Total S\$'000
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
Total comprehensive income for the period				
Profit for the period	-	-	(1,666)	(1,666)
Total comprehensive income for the period	-	-	(1,666)	(1,666)
Transactions with owners, recognised directly in equity				
Contributions by and distributions to owners				
Purchase of treasury shares	-	(1,536)	-	(1,536)
Dividends declared and paid	-	-	(988)	(988)
Total transactions with owners	-	(1,536)	(988)	(2,524)
As at 30 June 2016	343,458	(1,536)	(24,888)	317,034

Statement of changes in Equity as at 30 June 2015**Company**

As at 1 January 2015	343,458	-	(21,894)	321,564
Total comprehensive income for the period				
Loss for the period	-	-	(729)	(729)
Total comprehensive income for the period	-	-	(729)	(729)
As at 31 March 2015	343,458	-	(22,623)	320,835
Total comprehensive income for the period				
Profit for the period	-	-	361	361
Total comprehensive income for the period	-	-	361	361
Transactions with owners, recognised directly in equity				
Contributions by and distributions to owners				
Dividends declared and paid	-	-	(4,943)	(4,943)
Total transactions with owners	-	-	(4,943)	(4,943)
As at 30 June 2015	343,458	-	(27,205)	316,253

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 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
<u>After shares consolidation</u>				
As at 1 April 2016	1,977,036,050	343,458	-	-
Purchase of treasury shares	-	-	(6,072,700)	(1,536)
As at 30 June 2016	1,977,036,050	343,458	(6,072,700)	(1,536)

	Number of shares issued and fully paid	Share capital S\$'000	Number of treasury shares	Treasury shares S\$'000
<u>Before shares consolidation</u>				
As at 1 April 2015/30 June 2015	9,885,180,250	343,458	-	-

On 1 September 2015, the Company completed a share consolidation exercise and every five (5) existing shares were consolidated to constitute one (1) New Consolidated Share. Accordingly, the issued share capital of the Company now comprises 1,977,036,050 new consolidated shares.

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.

	30/6/2016
<u>After shares consolidation</u>	
Total number of issued shares	1,977,036,050
Total number of treasury shares	(6,072,700)
Total number of issued shares (excluding treasury shares)	<u>1,970,963,350</u>
	30/6/2015
<u>Before shares consolidation</u>	
Total number of issued shares	9,885,180,250
Total number of treasury shares	-
Total number of issued shares (excluding treasury shares)	<u>9,885,180,250</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.

The movement of treasury shares are as follow:

Number of shares

As at 31 March 2016	-
Purchase of treasury shares	6,072,700
As at 30 June 2016	<u>6,072,700</u>

There were no sales, transfers, disposal, cancellation and/or use of treasury shares 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 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 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.

	Second Quarter			Half Year		
	30.06.2016	30.06.2015	+/- %	30.06.2016	30.06.2015	+/- %
Earnings per ordinary share of the Group based on net profit/(loss) attributable to shareholders:-						
i) Based on weighted average number of shares (cents)	(0.161)	0.179	Nm	(0.021)	0.160	Nm
-Weighted average number of shares ('000)	1,973,842	1,977,036*		1,973,842	1,977,036*	
ii) On a fully diluted basis (cents)	(0.161)	0.179	Nm	(0.021)	0.160	Nm
-Adjusted weighted average number of shares ('000)	1,973,842	1,977,036*		1,973,842	1,977,036*	

* As the share consolidation exercise was completed on 1 September 2015, accordingly, the weighted average number of shares was adjusted retrospectively.

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		
	30.06.2016 (S\$ cents)	31.12.2015 (S\$ cents)	+/- %	30.06.2016 (S\$ cents)	31.12.2015 (S\$ cents)	+/- %
Net asset value per ordinary share	18.13*	18.20	-0.4%	16.09*	16.07	0.1%

* Based on the total number of issued shares excluding treasury shares of 1,970,963,350

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 a revenue of S\$17.7 million in Q22016, compared to S\$65.3 million in Q22015, and an operating profit of S\$2.8 million in Q22016, compared to S\$15.9 million in Q22015; and a net loss after tax of S\$3.7 million in Q22016, compared to a net profit after tax of S\$8.3 million in Q22015.

In Q22015, the property business contributed S\$52.9 million revenue and S\$14.0 million operating profit, due to the launch of the sale of strata office units at GSH Plaza in Singapore.

In Q22016, the Group conducted an operational efficiency review on its hospitality's property, plant and equipment ("assets"). The useful lives of certain assets were revised from five to ten years. These changes were made after taking into account the expected use of these assets as well as normal wear and tear, to better reflect the estimated periods during which the assets will be operational. The revision in estimate has been applied on a prospective basis from 1 January 2016. Consequentially, the depreciation expenses has decreased from S\$2.8 million in Q22015 to S\$1.5 million in Q22016.

The Group had entered into a loan and deposit arrangement with a bank, which has a foreign exchange exposure. This exposure was fully hedged with a financial derivative. Consequently, the Group recorded an unrealized exchange loss of S\$5.1 million from the loan and deposit arrangement and unrealized fair value gain on financial derivative of S\$3.6 million.

Separately, the Group recorded an unrealized fair value gain on financial derivative of S\$0.7 million, from the forward contracts entered by the Group, as part of its foreign exchange hedging.

Balance Sheet

The increase in loans and borrowings, from S\$899.2 million as at 31 December 2015, to S\$936.6 million as at 30 June 2016, was due mainly to proceeds received from the issuance of S\$60.0 million 5.15% fixed rate notes due 2019 under the multicurrency medium term note programme established by the Company.

As the Group's subsidiaries in Malaysia are denominated in Ringgit, upon consolidation, and due to the strengthening of the Ringgit, various balance sheet items, such as property, plant and equipment, development property and deferred tax liabilities, had increased accordingly.

Cash flow Analysis

For the second quarter ended 30 June 2016, the operating profit before working capital changes, was S\$3.8 million, but after adjustment for the working capital changes, the Group recorded a net cash outflow from operating activities, of S\$2.2 million.

The Group recorded a net cash inflow from investing activities of S\$15.7 million, which was due mainly to decrease in deposit pledged of S\$13.9 million.

The Group recorded a net cash inflow from financing activities of S\$34.5 million, which was due mainly to net proceeds from borrowings of S\$44.9 million, offset by the payment made to finance expenses of S\$7.9 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.**

Hospitality Industry

With the Sabah state government's commitment in developing Sabah into a gateway for trade, investment and tourism, Sabah's status as a prime eco-tourism and MICE destination in Asia is expected to be established. As such, the performance growth outlook looks positive.

Property Industry

Singapore

The Singapore commercial property market is expected to remain subdued, as rents fall and demand contracts. However, within the central business district, the rents of Grade A offices in Raffles Place remained the most resilient due to the lack of new office space supply there.

Malaysia

With Bank Negara Malaysia cutting the overnight policy rate by 25 basis points to 3.00 percent on 13 July 2016, the outlook for the property market is expected to improve slightly, but it will still depend on the global economy.

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 30 June 2016				3 Months Ended 30 June 2015			
	<u>Hospitality</u> S\$'000	<u>Property</u> S\$'000	<u>Others*</u> S\$'000	<u>Total</u> S\$'000	<u>Hospitality</u> S\$'000	<u>Property</u> S\$'000	<u>Others*</u> S\$'000	<u>Total</u> S\$'000
Segment revenue	12,255	5,413	1,267	18,935	12,381	52,942	1,023	66,346
Elimination of inter-segment revenue	-	-	(1,267)	(1,267)	-	-	(1,023)	(1,023)
External revenue	12,255	5,413	-	17,668	12,381	52,942	-	65,323
Interest income	99	108	1,031	1,238	70	89	903	1,062
Interest expense	(2,329)	(692)	(1,135)	(4,156)	(2,465)	(1,241)	(604)	(4,310)
Depreciation	(1,444)	(3)	(49)	(1,496)	(2,791)	(1)	(22)	(2,814)
Reportable segment (loss)/profit before tax	48	637	(2,941)	(2,256)	(1,844)	13,545	(740)	10,961
Tax expense	(1,290)	(142)	-	(1,432)	(301)	(2,380)	(1)	(2,682)
Reportable segment (loss)/profit after tax	(1,242)	495	(2,941)	(3,688)	(2,145)	11,165	(741)	8,279
Reportable segment assets	397,925	822,198	338,004	1,558,127	437,533	841,231	307,370	1,586,134
Reportable segment liabilities	(225,164)	(562,056)	(320,297)	(1,107,517)	(244,426)	(626,919)	(259,068)	(1,130,413)
* General corporate activities								
<u>Geographical Information</u>								
	<u>Malaysia</u> S\$'000	<u>Central Asia</u> S\$'000	<u>Singapore</u> S\$'000	<u>Total</u> S\$'000	<u>Malaysia</u> S\$'000	<u>Central Asia</u> S\$'000	<u>Singapore</u> S\$'000	<u>Total</u> S\$'000
External customers	12,255	-	5,413	17,668	12,382	-	52,941	65,323
Non-current assets	386,452	7,776	702	394,930	422,219	5,483	829	428,531

SEGMENT ANALYSIS

	Half Year Ended 30 June 2016				Half Year Ended 30 June 2015			
	<u>Hospitality</u> S\$'000	<u>Property</u> S\$'000	<u>Others*</u> S\$'000	<u>Total</u> S\$'000	<u>Hospitality</u> S\$'000	<u>Property</u> S\$'000	<u>Others*</u> S\$'000	<u>Total</u> S\$'000
Segment revenue	27,531	13,598	2,017	43,146	26,685	52,942	833	80,460
Elimination of inter-segment revenue	-	-	(2,017)	(2,017)	-	-	(833)	(833)
External revenue	27,531	13,598	-	41,129	26,685	52,942	-	79,627
Interest income	215	234	2,116	2,565	143	186	1,668	1,997
Interest expense	(4,719)	(1,308)	(2,012)	(8,039)	(4,939)	(2,384)	(1,043)	(8,366)
Depreciation	(4,047)	(5)	(97)	(4,149)	(5,614)	(2)	(42)	(5,658)
Reportable segment (loss)/profit before tax	1,678	8	(239)	1,447	(2,460)	15,322	(1,304)	11,558
Tax expense	(2,077)	(262)	-	(2,339)	(611)	(2,798)	106	(3,303)
Reportable segment (loss)/profit after tax	(399)	(254)	(239)	(892)	(3,071)	12,524	(1,198)	8,255
Reportable segment assets	397,925	822,198	338,004	1,558,127	437,533	841,231	307,370	1,586,134
Reportable segment liabilities	(225,164)	(562,056)	(320,297)	(1,107,517)	(244,426)	(626,919)	(259,068)	(1,130,413)
* General corporate activities								
<u>Geographical Information</u>								
	<u>Malaysia</u> S\$'000	<u>Central Asia</u> S\$'000	<u>Singapore</u> S\$'000	<u>Total</u> S\$'000	<u>Malaysia</u> S\$'000	<u>Central Asia</u> S\$'000	<u>Singapore</u> S\$'000	<u>Total</u> S\$'000
External customers	27,531	-	13,598	41,129	26,686	-	52,941	79,627
Non-current assets	386,452	7,776	702	394,930	422,219	5,483	829	428,531

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 Q22016 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.

PART II. UPDATE ON THE ANNOUNCEMENT DATED 28 JULY 2016 IN RESPECT OF RELATIVE FIGURES COMPUTED FOR PROPOSED INVESTMENT IN HENAN ZHONGYUAN

1. The Company refers to its announcement dated 28 July 2016 (“**28 July Announcement**”) in relation to the Company’s proposed investment in 河南中原四季水产物流港股份有限公司 (“**Henan Zhongyuan**”).
2. Unless otherwise defined, all capitalised terms used in this Part II of this announcement shall have the respective meanings ascribed to them in the 28 July Announcement.
3. As an update to the 28 July Announcement, based on the unaudited financial statements of the Company for the period ended 30 June 2016, as announced in this announcement, the Group recorded a net profit before tax of approximately S\$1.4 million for the six months ended 30 June 2016.
4. Accordingly, the updated relative figure for Rule 1006(b) for the Proposed Investment in Henan Zhongyuan is 152.0%, based on:
 - (a) the pre-tax net profits based on the unaudited financial statements for the Group for the six months ended 30 June 2016 which was S\$1.4 million; and
 - (b) the pre-tax net profits attributable to the Proposed Investment for the six months ended 30 June 2016 which was RMB10.9 million (which is equivalent to S\$2.2 million).
5. Notwithstanding that the relative figure computed on the basis set out in Rule 1006(b) exceeds 100%, pursuant to Rule 1014(2) and Rule 1015(7), Rules 1014 and 1015 do not apply in the case of an acquisition of profitable assets if the only limit of 20% or 100%, respectively, breached is Rule 1006(b). Accordingly, as stated in the 28 July Announcement, the Proposed Investment constitutes a “discloseable transaction” under Chapter 10 of the Listing Manual.

BY ORDER OF THE BOARD

Lee Tiong Hock
Company Secretary
5 August 2016