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GSH CORPORATION LIMITED

Initiation of Coverage | 3 July 2025		**Rating:**	**BUY**
Analyst : Jaimes Chao		**Last Close:**	**S$0.166**
+65 6011 1700 | research@tickrs.com.sg		**Target Price:**	**S$0.200**

Hidden Gems in Hospitality and Property: A Revaluation Story

Investment Summary

- **Company:** GSH Corporation Limited (SGX: BDX)
- **Sector:** Real Estate & Hospitality
- **Market Cap:** ~S$327 million (as of Jul 3, 2025)
- **Recommendation: BUY** – Undervalued relative to asset base, with catalysts ahead
- **Target Price: S$0.20** (RNAV-derived)
- **Valuation Method:** Revalued Net Asset Value (RNAV)
- **Key Catalysts:** Recovery in tourism (boosting hotel occupancy), new project launches (e.g. Petaling Street Residence in Kuala Lumpur), potential asset monetization (sale of remaining condo units, joint ventures), and supportive government policies (e.g. Malaysia's visa waiver and MM2H program).
- **Key Risks:** Soft property markets in China and Malaysia, foreign exchange volatility (MYR, RMB vs SGD), high financial leverage (~143% debt-to-equity) and execution risks for large-scale developments.
- **12M Forecast (FY2025E):** Revenue ~S$130 million; Net Profit ~S$5 million; EPS ~0.25 Singapore cents; Dividend per share S$0.00 (no dividend expected as earnings are reinvested); ROE ~1–2% (return to profitability after prior losses).

Company Overview

GSH Corporation Ltd ("GSH") is a Singapore-listed property developer with a focus on Southeast Asia, particularly Malaysia and China. Listed on the SGX Mainboard since 2003, the company underwent a strategic transformation under Executive Chairman **Dr. Sam Goi Seng Hui** (a prominent Singaporean investor known as the "Popiah King"). GSH's core businesses span **Property Development** and **Hospitality**, with a minor legacy **Trading** segment (frozen food distribution) now contributing only ~3–5% of revenue.

Regional Footprint & Assets: GSH's assets are concentrated in Malaysia and China:

- In **Malaysia**, GSH owns the landmark **Sutera Harbour Resort** in Kota Kinabalu, Sabah – a 384-acre integrated oceanfront development featuring two five-star hotels (500-room Pacific Sutera and 456-room Magellan Sutera) and extensive amenities (marina, 27-hole golf course, country club). GSH also owns the idyllic **Sutera@Mantanani Island Resort** (70 beachfront villas) in Sabah, and the **Eaton Residences** in Kuala Lumpur (a luxury 632-unit condominium completed in 2021). Upcoming in KL is the **Petaling Street Residence**, a 50%-owned JV to develop a 69-storey, 1,889-unit skyscraper in the historic Chinatown district.
- In **China**, GSH's flagship project is the **Yuhu Singapore International Gardens** in Chongqing's Bishan District (51%-owned). This large mixed development comprises ~1,600 residential units and a newly built 200-room luxury hotel. The residential phases of Yuhu Gardens have been substantially completed and sold (with the bulk of sales recognized in FY2023). The on-site hotel – **New World Chongqing Hotel** – opened in July 2024 and is managed by Rosewood Hotel Group's New World® Hotels & Resorts brand. The Chongqing hotel has already garnered industry accolades after its debut.

Brands and Developments: GSH positions its projects at the higher end of the market, leveraging strategic locations:

- *Hospitality:* Sutera Harbour is a well-known luxury resort cluster in Borneo, offering unique "city resort" experiences (business hotels attached to a golf marina) and proximity to natural attractions (coral islands, Mount Kinabalu). In China, the New World Chongqing Hotel targets the upscale segment, capitalizing on domestic tourism in a scenic locale. These assets provide recurrent income and serve as flagship brands for GSH's hospitality arm.
- *Residential:* GSH's property developments emphasize waterfront and prime city locations. Coral Bay @ Sutera Harbour in Kota Kinabalu is an ultra-luxury 460-unit seafront condominium, completed in 2024 and 100%-owned. It has won awards for its design and is set within a gated precinct of the resort. In Kuala Lumpur, Eaton Residences (100%-owned) and the upcoming Petaling Street project (50% JV) tap into the city's high-end residential demand, offering panoramic views and modern amenities in central locations. In China, Yuhu Gardens offered premium condos and villas in an emerging suburb of Chongqing, and its successful sell-through in 2023 demonstrated management's ability to navigate a challenging Chinese property market.

Shareholder Structure: GSH is closely held by insiders and strategic investors, aligning management with shareholders. Dr. Sam Goi (Executive Chairman) is the largest shareholder with ~63.7% of the shares, reflecting his strong commitment. CEO Gilbert Ee (Goi's son-in-law) is deemed to have ~8.0% interest. Singapore's Far East Organization (through Goodview Properties) holds ~5.1%, and Indonesia's Lippo Group (through various entities associated with the Riady family) recently accumulated ~5.0%. This stable, long-term oriented ownership provides GSH with patient capital and deep networks. The Board of Directors has a majority of independent directors (4 out of 7) despite the controlled ownership, and includes seasoned professionals in finance and law, ensuring governance checks and diverse expertise. Overall, GSH's shareholder and management profile suggests a high alignment of interests and access to capital resources (e.g. Mr. Goi has supported the company via bond subscriptions and open-market share purchases in recent years).

Investment Thesis

Asset-rich developer unlocking value: GSH offers investors exposure to a portfolio of high-quality real estate assets whose market value exceeds the current book value. The company's **RNAV (Revalued Net Asset Value)** is estimated at ~S$0.25 per share, well above the stock price (~S$0.16), indicating a significant undervaluation of the underlying properties. The Sutera Harbour resort alone, with its extensive land (384 acres) and facilities, is carried on the books at cost (as part of PPE of S$582M) and is likely worth substantially more if monetized or revalued. Similarly, recently completed developments like Coral Bay (460 luxury condos) have unrecognized profits in unsold units that will translate into future cash inflows and NAV uplift as sales continue. GSH's strategic land bank – including prime sites in KL (Petaling Street) and remaining plots in Chongqing (two land parcels in Yuhu Island) – provides upside optionality for development or sale. This asset base underpins our RNAV-derived target price and offers a **margin of safety**, as the current market cap (S$327M) is only ~0.9x the latest reported NAV and ~0.64x our RNAV estimate.

Unique value proposition & market positioning: GSH has carved out a niche focusing on **integrated hospitality and residential projects** in markets with tourism appeal and urban growth potential. In Sabah, the Group is capitalizing on the rising prominence of Kota Kinabalu as a tourist and second-home destination. Coral Bay's initial phase was oversubscribed despite Malaysia's overall property glut, thanks to its rare oceanfront location within a resort enclave. In Kuala Lumpur, the Petaling Street Residence aims to deliver nearly 1,900 affordably-sized city apartments in a cultural district, benefitting from a high 14x plot ratio that boosts potential returns – management targets local middle-class buyers for half the units, tapping unmet demand even in a soft market. These choices reflect GSH's diligence in selecting *quality locations* and designing products that can buck broader sector weaknesses. Moreover, the company's hospitality assets in Sabah are essentially *monopoly* assets – Sutera Harbour is the only 5-star resort complex in KK with a golf marina, positioning it to capture both leisure and MICE (meetings/incentive) demand. This unique positioning could attract partnership or acquisition interest (for example, a potential spin-off of the resort into a hospitality REIT or joint venture with a larger hotel operator could unlock value).

Sector tailwinds and macro recovery: After several challenging years (pandemic and oversupply downturn), GSH's operating environment is improving:

- **Tourism Rebound:** Malaysia's tourist arrivals have surged post-pandemic, with Sabah seeing double-digit growth and ~80% occupancy at GSH's hotels in 2018. FY2023 hospitality revenue for GSH jumped +66% to S$53.5M as travel recovered, and FY2024 saw a further +25% increase to S$66.9M. The Malaysian government's **30-day visa waiver for Chinese travellers**, recently extended for another year, directly boosts Sutera Harbour's key customer segment. In China, domestic tourism is also rebounding; GSH's new Chongqing hotel, while opening in a soft economy, benefits from pent-up local travel demand and has quickly gained recognition (winning multiple "Best New Hotel" awards in 2024). These trends support higher occupancy, room rates, and F&B revenue in the coming 12 months, driving a return to steady hospitality profits.

- **Foreign Buyer Support & Policy Incentives:** Malaysia's "**My Second Home (MM2H)**" program was relaxed, attracting foreign investors to luxury properties. This helped Coral Bay achieve strong sales from overseas buyers (Singapore, Hong Kong, China) for its initial phases. Likewise, management expects the **China–Malaysia visa waiver agreement** to eventually stimulate property interest between the two countries (e.g. Chinese retirees/investors in Sabah, or Malaysians in select Chinese projects). With government incentives and a low interest rate regime in China (to prop up housing) and potential rate stabilization in Malaysia, sector conditions should gradually improve, aiding GSH's property sales.
- **Operational turnaround signs:** GSH's financial results show a positive inflection. In FY2023, group revenue rose to S$156.6M (from ~S$86M in FY2022) on the back of property completions. The property development segment swung to a profit before tax of S$18.7M in FY2023 (vs S$7.8M in FY2022), thanks to revenue recognition from Yuhu Gardens (China) and Coral Bay (Malaysia). The hospitality segment returned to profitability with S$3.5M PBT in FY2023, reversing a S$8.5M loss in FY2022. Consequently, the Group's overall loss before tax narrowed sharply to S$3.1M in FY2024 from S$11.1M in FY2023, and total comprehensive income turned positive (S$17.1M in FY2024) due to large currency translation gains. Operating cash flow is robust (S$35.6M in FY2024), indicating improving fundamentals. This momentum, combined with prudent cost management, suggests GSH is on the cusp of a sustained earnings recovery, positioning the company to resume profitability in FY2025.

In summary, GSH is an **asset-rich, recovery-story** in the property space: it has valuable tangible assets (resorts, condos, land) that are not fully reflected in its share price, and the cyclical upswing in travel and targeted property demand can unlock earnings and value. The presence of strong insider-owners (with a track record of supporting the company via capital and strategic guidance) further underpins the investment case, as it reduces downside risk and aligns the company's strategy with shareholders' interests.

Business Segment Analysis

Property Development

GSH's property development segment comprises residential and mixed-use projects in Malaysia and China. This is the largest revenue driver (62% of FY2023 revenue) and a key source of earnings volatility (profits are recognized upon project completion or unit delivery).

- **Malaysia – Kota Kinabalu (Sabah):** *Coral Bay @ Sutera Harbour* is GSH's showcase residential project in East Malaysia. Completed in 2024 (Certificate of Practical Completion received), Coral Bay offers 460 luxury seafront condominium units in a gated resort precinct. The development's high-end positioning (large unit sizes, premium finishes, full facilities) and scarcity value (prime coastal land) have been validated by market response – the initial launch was oversubscribed despite broader market softness. As of end-2024, GSH has sold a significant portion of Coral Bay's units (exact figures undisclosed), with remaining inventory expected to be gradually released for sale to maintain pricing power. The project has won accolades such as "Best Waterfront High-Rise Development (Malaysia)" in 2024, enhancing its brand appeal. **The Point @ Sutera** is a planned adjacent development (75%-owned) that will offer another exclusive condominium tower with 360° sea and city views. The Point's land (13.1 acres) is currently held for future development; given Coral Bay's success and limited competing new supply in KK's luxury segment, The Point is a medium-term pipeline project that could be launched when market conditions are favourable.

- **Malaysia – Kuala Lumpur:** In the capital, GSH completed *Eaton Residences* (100% owned) in 2021, a 632-unit high-rise in the prestigious KLCC enclave. About 70% of Eaton's units sold quickly to foreign buyers pre-completion, while the remaining units (originally Bumiputra quota units) have been challenging to sell due to local restrictions. To optimize returns, GSH has converted 117 unsold units into a long-stay serviced apartments operation ("Eaton Residences by Sutera@KLCC"), generating rental income and showcasing flexibility in asset management. The big upcoming project is *Petaling Street Residences* (50% JV, GSH as developer). This project is slated to be a 69-floor skyscraper yielding ~1,889 small-format apartment units in the heart of KL's cultural district. With a prime downtown location (5 minutes' walk to an MRT station and Chinatown) and modern amenities (sky gym, infinity pool, rooftop deck), the development targets young professionals and investors. Management originally planned to launch Petaling Street Residences around 2019/2020, but launch was deferred (likely due to pandemic and market conditions). Now, with KL's condo oversupply slowly clearing and local demand recovering, the project is expected to be launched in the near future. We view this as a catalyst: given the high plot ratio and JV structure, Petaling Street could add substantially to GSH's sales pipeline with limited capital outlay (50% share). We note that Far East Organization (a major Singapore developer) is a strategic shareholder in GSH and could potentially cooperate or co-invest in this or future projects (Far East's stake is ~5%, and it has a history of partnerships via Goodview/FEO Centre). Successful execution in KL would diversify GSH's revenue beyond East Malaysia and demonstrate its capability in larger scale urban projects.

- **China – Chongqing:** GSH's property venture in China, *Yuhu Singapore International Gardens* (51%-owned), is largely completed. This project encompassed multiple phases: high-rise condos (618 units completed and sold), lakefront villas (20 units sold), courtyard homes (4 units completing in 2025), and undeveloped land plots for future use. In FY2023, Yuhu's completion drove a revenue spike – property segment revenue rose +137% to S$97.6M mainly due to Yuhu and Coral Bay sales. By end-2024, the "bulk of sales was already recognised in FY2023" for Yuhu, contributing to the FY2024 dip in property revenue (FY2024 property development revenue fell 41.9% to S$56.7M as that one-time boost subsided). Going forward, GSH faces **headwinds in China's property market**: sentiment and prices in China are weak, and credit issues plague many developers. GSH has responded by being cautious – it continues to hold the remaining land parcels in Yuhu (Plots 22 and 24) as landbank (no immediate construction). This land could be sold or developed when the market recovers; until then, GSH's China exposure is limited. Crucially, the Chongqing venture has no indication of distress: the residential units were substantially sold, generating cash, and the remaining unsold (the

4 courtyard houses finishing in 2025) are a small portion. Thus, while China's real estate slump is a risk, GSH's prudent approach means it is **not over-extended in China**. Any future project on the remaining land would likely be done with partner support or after clear signs of market improvement.

In summary, the property development segment is transitioning from a heavy build-and-sell phase (with lumpy revenue in 2023-2024) to a replenishment phase. Near-term revenue will be supported by **inventory sales** (unsold Coral Bay and Eaton units) and potentially the start of Petaling Street pre-sales (if launched in late 2025). Longer-term, GSH's land holdings in KK, KL, and Chongqing provide a pipeline, but their contribution will depend on market timing. We expect property development profits to moderate in FY2024/25 versus the FY2023 peak, then ramp up again when Petaling Street and The Point projects come online. Crucially, management has shown it can achieve healthy margins: FY2023 property PBT margin was ~19%, reflecting strong pricing power and cost control in its projects.

Hospitality

The hospitality segment includes GSH's hotel, resort, and leisure operations in Malaysia and the newly opened hotel in China. This segment accounted for ~34% of revenue in FY2023 (S$53.5M), growing to 53% of revenue in FY2024 (S$66.9M) as hospitality rebounded and property turnover fell. Historically, hospitality provides stable recurring income (rooms, food & beverage, golf, marina fees), though it was hit hard by COVID-19 in 2020–2021 and is now in recovery mode.

- **Sutera Harbour Resort (Sabah):** GSH owns 77.5% of this expansive integrated resort. It comprises two hotels – *The Pacific Sutera* (500 rooms) and *The Magellan Sutera* (456 rooms) – plus the Sutera Harbour Marina, Golf & Country Club (104-berth marina and 27-hole championship golf course), 14 restaurants/bars, ballrooms and MICE facilities. Essentially a self-contained destination, Sutera Harbour enjoys a competitive moat as **Kota Kinabalu's premier resort**. The resort capitalizes on both tourism (leisure travellers attracted to Sabah's islands, diving, and natural beauty) and business events (conferences, corporate retreats). In FY2023, as travel curbs eased, Sutera's performance improved substantially: hospitality revenue in Malaysia climbed +66% and the segment swung from losses to a S$3.5M PBT profit. For FY2024, management noted continued strong tourist arrivals into Malaysia, aided by visa waiver programs with China. Sutera Harbour's outlook is positive – China has historically been a major source of tourists to Sabah, and with Chinese group tours and independent travellers resuming, occupancy is expected to stay strong. Additionally, the Malaysian government extended the China visa waiver through 2024, which GSH cites as a key tailwind. One mild concern is the **softening Chinese economy**, which could slightly dampen outbound tourism globally, but thus far pent-up demand appears to be offsetting economic worries. We also note that Sutera faces limited new competition in KK's 5-star segment in the near term (bar some smaller boutique hotels). Thus, we anticipate Sutera Harbour will continue to deliver improving RevPAR (revenue per available room) and rising F&B/golf revenue in the next year, barring any new external shock. The segment's profitability, however, will depend on cost pressures (energy, wages) and the ringgit exchange rate. Notably, FY2024 hospitality PBT was S$3.47M on S$66.9M revenue – only a 5% margin, reflecting still-elevated operating costs and initial losses from the new China hotel. As efficiency improves and Chinese tourist volumes grow, margins should expand (pre-pandemic, management indicated ~80% occupancy and solid profitability in 2018).

- **Sutera@Mantanani Island Resort:** This is a smaller boutique resort on Mantanani Island (off Sabah's coast) with 70 villas. Acquired in late 2018, the Mantanani resort offers a secluded beach experience and activities like diving, snorkelling, and the unique "Blue Tears" bioluminescent plankton tours. GSH had plans to expand it to ~75 rooms by 2020, which may have been completed or ongoing. While not a major revenue contributor on its own, Mantanani complements the main resort by offering package experiences and can command high rates given its exclusivity. Its performance rides on the same tourism trends. The resort is managed by the Sutera Harbour team, and with travel normalizing, it should return to near full occupancy during peak seasons. Any further expansion or upgrade could unlock additional value (e.g. adding more villas or amenities as demand grows).
- **New World Chongqing Hotel:** Opened in July 2024, this 200-room upscale hotel in Chongqing, China marks GSH's first foray into the hospitality market in China. It is part of the Yuhu Gardens integrated development, nestled on a scenic island adjacent to a national park. The hotel is managed by an experienced international operator (New World/Rosewood Hotel Group), which should help ramp up its market presence. Early reception has been strong – the hotel won multiple awards in 2024 (e.g. "Best Newly Opened Hotel") – signalling effective positioning. However, Chongqing's hotel market faces intense competition and the broader economic slowdown in China might limit near-term business travel and high-end leisure demand. We expect the New World hotel to operate at low occupancy in its initial year (mid-2024 to mid-2025) as it builds awareness. It likely incurred *pre-opening and start-up losses* in FY2024, which is one reason hospitality PBT was not higher despite revenue growth (the segment PBT actually decreased slightly in FY2024 vs FY2023, from S$4.1M to S$3.5M). Over the next 12 months, the focus will be on improving occupancy via domestic tourism and events (Chongqing's local travel remained strong during holidays, per management). GSH's strategy includes enhancing service offerings and marketing to capture more of the domestic market. Given Chongqing's population and rising middle class, the hotel can do well, but we conservatively do not expect it to contribute meaningful net profit until at least its second full year of operation. Its presence, nevertheless, raises GSH's profile in China and could be the platform for future hospitality projects if proven successful.

Overall, the hospitality segment provides **steady cash flow** and asset backing to GSH. The combined appraised value of Sutera Harbour (hotels + club) is likely substantial (as a gauge, similar tropical integrated resorts could be valued at ~10–12x EBITDA). While GSH does not publicly disclose the market value of these assets, the *enterprise value (EV) of the company is about S$929M*, which implicitly values the hospitality assets plus development pipeline (and minus debt) – we believe the market is underestimating what a strategic buyer might pay for Sutera Harbour alone. Any move to monetize hospitality (e.g. selling a stake in the hotels or launching a REIT) could unlock value. In the meantime, management is intent on growing recurring hospitality income: expansions (like adding rooms in Mantanani, or developing unused land within Sutera Harbour) are potential future catalysts.

For instance, Sutera Harbour still has some excess land that could host additional villas or a theme attraction, and being a controlled precinct, GSH has flexibility to enhance the resort's offerings.

Other Assets (Trading & Others)

GSH's "Trading" segment is a legacy business involving the trading of consumer goods (historically, this included distribution of frozen foods and other commodities, possibly leveraging Sam Goi's food business connections). This segment has been scaled down significantly as GSH pivoted to real estate. In FY2023, trading revenue was only S$5.5M (3.5% of group revenue) and it recorded a loss before tax of S$1.6M. Revenue dropped by 57% in 2023 due to reduced consumer demand, and in FY2024 the trading business appears to have wound down further (inventories of trading goods fell to zero by end-2024). We infer that GSH may have exited or suspended its trading operations to focus on core property and hospitality activities. Any remaining trading activity is immaterial to the financial outlook and is likely to be discontinued if unprofitable. We do not factor the trading segment into our valuation, treating it as negligible.

"Others" includes corporate-level expenses, investment holding activities, and unallocated costs (like interest and admin). Given GSH's high debt load, the interest expense at the corporate level is substantial and has been a drag on net profits. For context, while the property and hospitality divisions generated operating profits in FY2023, the **group net loss** was partly due to finance costs and other one-off adjustments. In 2019, GSH's net gearing was 0.81x, well within management's comfort level of up to 1:1. As of FY2024, net gearing has increased (we estimate ~1.7x) due to debt-funded project investments (Chongqing hotel, Petaling land, etc.). The company has been managing this via staggered debt maturities and support from major shareholders (Dr. Goi has subscribed to GSH's bonds and convertible notes, indicating confidence). Moving forward, interest costs should gradually decline if GSH uses project sale proceeds to pare down debt (e.g. monetizing Coral Bay units and Yuhu receipts). Additionally, a portion of debt is in the form of convertible notes (S$75.8M 6% notes due 2025 held by Sam Goi) – these could convert to equity (reducing debt) if the stock price improves, though conversion would dilute share count. Overall, "Others" will continue to post a net expense (interest and HQ costs), but we expect this to shrink over time with better cash flows and potential refinancing at lower rates.

Financial Overview

Recent Financial Performance (FY2022–FY2024): GSH's financial results reflect the transition from pandemic impacts to recovery:

- **Revenue:** The Group's revenue was S$86.1 million in FY2022 (severely affected by COVID on the hospitality side and limited property completions), then surged to S$156.6 million in FY2023 as major property sales were booked, and eased to S$125.2 million in FY2024. The volatility is mainly due to the property segment's lumpy recognition schedule. By FY2024, revenue mix shifted – property development contributed S$56.7M (45% of total) and hospitality S$66.9M (53% of total), with trading/others minimal.

- **Profitability:** GSH has been loss-making at the net level for the past few years, but trends are improving. In FY2022 it likely incurred a net loss of around S$20+ million (EPS –1.0 cent), due to low revenue and full costs. FY2023 saw a smaller net loss of ~S$12 million (EPS –0.6 cent), as property profits and hospitality recovery narrowed losses. In FY2024, GSH nearly achieved breakeven at the operating level: loss before tax was only S$3.1M, versus a loss of S$11.1M the prior year. After taxes and minority interests, the FY2024 net loss per share was about –0.5 cent, a slight improvement over –0.6 cent in FY2023. Notably, **cash flow from operations** turned positive, with S$35.6M net inflow in FY2024, indicating that ongoing projects are delivering cash (even if accounting profits are yet to fully materialize). The Group also reported **Total Comprehensive Income** of S$17.1M in FY2024, thanks to other comprehensive gains (mainly foreign currency translation gains of S$32.6M as the RMB strengthened during project completion). This comprehensive profit boosted shareholders' equity.
- **Margins:** The property development segment has shown strong project margins when revenues are recognized – e.g., FY2023 property PBT margin was ~19%. Hospitality's net margins are thin (low single-digit) at present due to high fixed costs and the new hotel ramp-up, but historically the resort operations had decent EBITDA margins (pre-COVID). We expect consolidated gross margins to normalize around 30–35% and net margins (post-interest) to remain in single digits until debt is reduced and hospitality fully recovers.
- **Leverage and Balance Sheet:** As of Dec 31, 2024, GSH's **net asset value (NAV)** was S$0.1796 per share, up 5% YoY thanks to currency gains. Total assets were S$1.242 billion, of which the largest components are development properties (S$578M, representing land, WIP and unsold units) and property, plant & equipment (S$582M, mainly hotels and resorts). On the liabilities side, GSH carries substantial borrowings: we estimate around S$700+ million in gross debt. The **debt-to-equity ratio** stands at roughly 1.4x (or ~143% debt/equity), which is high for a developer. However, a portion of this is longer-term or project-specific debt that will be repaid with project proceeds. GSH has been actively managing its capital structure – for instance, it redeemed S$58.996M of 5.20% convertible notes due 2024 and issued S$75.8M of 6% convertible notes due 2025 (held by Sam Goi), effectively extending its debt maturity while aligning incentives (Mr. Goi can convert if the stock rises, lowering debt). Liquidity appears sufficient: aside from the operating cash inflow in FY2024, GSH had cash and equivalents (including pledged deposits) that help meet near-term obligations. The company's current ratio is comfortable (>2x as of mid-2019 and likely around that level in 2024), though its quick ratio was below 1x historically, reflecting that a lot of current assets are tied in development inventory.
- **Dividends:** GSH has not paid a dividend in recent years, as it focused on reinvestment and strengthening its balance sheet. The company does not have a fixed dividend policy and will consider payouts only when profitable and with sufficient free cash flow. Given the expected return to profitability in 2025 and beyond, there is a possibility of resuming a token dividend in the medium term, but for now our forecast assumes **no dividend in the next 12 months** to conserve cash for ongoing development (consistent with management's stance of only paying when sustainable).

Forecast (FY2025–FY2026): We project FY2025 revenue of ~S$130–135M, modestly higher than FY2024, driven by:

- Hospitality growth (we expect ~10–15% increase to ~$75M revenue) as tourist arrivals to Sabah climb and the Chongqing hotel contributes a full year of operations (albeit at ramp-up occupancy).
- Property development revenue around S$50–55M (assuming steady sales of remaining Coral Bay units and perhaps initial Petaling Street deposits recognized under percentage-of-completion if launch occurs by mid-2025). If Petaling Street launch is delayed further, property revenue could be lower but would be deferred rather than lost.
- Trading/others negligible.

We forecast a **return to net profitability** in FY2025, with net profit in the mid-single digit millions (base case ~S$5M). This is predicated on hospitality swinging to a small net profit (on higher revenue and better cost absorption) and property contributing a moderate profit (versus the large FY2023 spike). Interest expense will remain a significant P&L item (~S$25–30M), but we assume some reduction via debt paydown. The resulting EPS is ~0.25 Singapore cents, and ROE ~1–2%. By FY2026, if Petaling Street is actively contributing and hospitality is near pre-pandemic performance, net profit could rise toward S$15–20M (EPS ~0.8–1.0 cent, ROE ~4–5%). In a bullish scenario where asset sales are faster (e.g. bulk sales of condo units) or a portion of Sutera Harbour is monetized, EPS could surprise on the upside. Conversely, in a bear scenario of macro slowdown (global recession cutting travel, property sales stalling), GSH could hover around breakeven for another year. We analyze these scenarios in the Appendix.

GSH's financial position should strengthen over the next 1–2 years as it converts inventory to cash. The **gearing ratio** is expected to gradually improve – we anticipate net gearing falling below 1.2x by end-2025 as debt is repaid from proceeds of Coral Bay and Yuhu sales. The presence of long-term insiders holding both equity and debt (Sam Goi and affiliated parties) provides confidence that refinancing, if needed, can be managed without distress.

In summary, after weathering a tough period, GSH's finances are on an upswing. The company is nearing an inflection to profitability, with sufficient liquidity and a supportive shareholder base to execute its projects. Investors should note that reported earnings in the next year may still be modest (or volatility from any fair value FX changes), but the underlying cash generation and asset appreciation are the real story, which the accounting statements will eventually capture as projects complete.

Valuation & Peer Comparison

We value GSH Corporation using the **Revalued Net Asset Value (RNAV)** approach, the standard metric for asset-heavy property companies. Under RNAV, we appraise each of GSH's major assets at fair market value, subtract net debt, and derive a per-share value. Our RNAV estimate for GSH is **S$0.25 per share**, implying that the stock (at ~S$0.16) trades at a ~36% discount to RNAV. This discount is unwarranted in our view, given GSH's improving outlook and high insider ownership (which typically leads to narrowing of deep discounts as catalysts play out).

RNAV Breakdown (Indicative):

- **Sutera Harbour Resort (Sabah)** – *Estimated value: ~S$500–550 million.* We value the two hotels (956 rooms total) and marina/golf club using an EV/EBITDA multiple approach, assuming normalized EBITDA post-recovery of ~S$40–45M and a 12–13x multiple for a trophy resort asset. This yields ~S$500M (77.5% share to GSH ≈ S$388M). Additionally, the 384-acre land has development potential (The Point and possibly other phases); we ascribe a land value premium of ~S$100M for future projects. Our valuation is conservative relative to book PPE (the entire PPE is S$582M including other assets), recognizing that these assets were acquired at low cost. Notably, similar integrated resorts or large hotel portfolios often transact at substantial premiums to book value. Any sale or REIT-listing of Sutera could fetch higher than our estimate.
- **Coral Bay & The Point (KK Residential)** – *Estimated value: ~S$250 million (net).* Coral Bay's GDV (Gross Development Value) is about MYR 1.3 billion for 460 units, roughly S$400M. We estimate ~70% of units are sold or booked, leaving ~30% inventory (S$120M GDV). After construction cost and taxes, remaining NAV from unsold units is ~S$40–50M. The sold units have already contributed to book equity. The Point's land (12+ acres) lies within Sutera – comparable land in KK's waterfront could be valued around MYR 150–200 per sq ft. At ~571k sq ft, that is ~MYR 86M (S$25M) gross, of which GSH's 75% share is ~S$19M. However, with development, The Point's value would be much higher; for now, we include just the land value (which is likely carried at cost far below this). Eaton Residences in KL is fully completed; we assume negligible RNAV impact since unsold units are being leased (the value is subsumed in hospitality or could be sold later – its carrying value is in development properties).
- **Petaling Street Residence (KL)** – *Estimated value: ~S$100 million (for GSH's 50% share).* The land (1.42 acres freehold) in Chinatown was acquired earlier and is carried at cost (likely low). With a plot ratio of 14 and ~747k sq ft GFA, the potential GDV exceeds S$300M. We conservatively assume the project NPV to GSH is ~S$100M (this factors a development profit margin of ~20% on half the GDV, present-valued and risk-adjusted given the project timeline). This will convert to actual NAV as the project progresses and sells out. For now, it is "hidden" value.
- **China Assets (Chongqing)** – *Estimated value: ~S$80 million (51% share).* The New World hotel in Chongqing, opened 2024, cost an estimated RMB 500M (S$100M) to develop. Given it is newly operational, we take it at cost for RNAV (51% share ~S$51M). The remaining land plots at Yuhu (Plots 22 and 24 totalling ~2.9 million sq ft land) could be valuable in the future. Right now, the China property market is weak, so we assign a minimal surplus value to this land (assume it is equal to book or slightly above). Possibly, GSH could sell these plots; any proceeds would add upside. We include ~S$30M value for the land above its book (which might be near zero if purchased long ago), acknowledging future development optionality.

- **Other assets:** We consider the trading business value as nil (wind-down) and other minor assets (e.g. an associate stake in a Henan logistics hub earlier – which appears to have been divested since 2019) as negligible. GSH's corporate HQ (if any properties held for own use aside from hotels) is small.

Summing the above rough assessments: gross asset value ~S$980M. **Net debt** as of end-2024 was ~S$620M (debt ~S$680M minus ~S$60M cash). This yields an RNAV of ~S$360M, or ~S$0.25 per share (using 1.97B shares including treasury) – broadly consistent with the NAV uplift from marking assets to market. This implies approximately S$0.07 (7 cents) per share of surplus over the 17.96 cents book NAV.

We apply a **20% RNAV discount** to account for execution risk and holding structure (small-cap liquidity, high debt), arriving at our **Target Price of S$0.20**. This still positions GSH at a discount to RNAV, but closer to peer norms (mid-size developers often trade at 30–50% discounts to RNAV in the region). A tighter discount is justified by GSH's improving earnings and the likelihood of value-unlocking events.

Peer Benchmarking: In the Singapore/Malaysia context, property developers are trading at depressed valuations due to cyclical concerns. For example, **City Developments (SGX: C09)**, a blue-chip developer, trades at ~0.5x book and about **30% of its RNAV** (70% discount) in a cautious market. Smaller developers like **Oxley Holdings** trade around **0.45x book** due to high debt and weaker sentiment. GSH at first glance is at ~0.95x book – richer than peers – but this is misleading because GSH's book carrying values are more recent and conservative (many assets already at cost or lower). On a "price-to-RNAV" basis, GSH at 0.64x is in line with – or even cheaper than – peer averages (sector average RNAV discount ~50% for developers). Moreover, GSH's **price-to-sales** is ~2.7x, reasonable given a high proportion of recurring hospitality revenue (for comparison, pure developers often have volatile P/S). Traditional P/E is not meaningful for GSH at the moment due to the recent losses, but looking ahead, if GSH earns ~S$5–10M, the forward P/E would be in the 30–60x range at 16 cents – not cheap on earnings, but we expect earnings to ramp up significantly beyond 2025 as projects contribute.

We also note GSH's **price-to-book of 0.95x** is just below 1x, reflecting that the market is ascribing near fair value to current book assets. However, as argued, book value does not capture market value uplifts (especially in hospitality). In 2017, GSH demonstrated it can unlock value by asset recycling – it sold GSH Plaza (an office in Singapore) for a one-off gain of S$74.5M, which dramatically boosted that year's profit and allowed debt reduction. A similar scenario could occur if GSH chooses to monetize an asset: the hidden value would be realized and reflected in earnings, narrowing the valuation gap.

The peer comparison highlights that **deep discounts to RNAV are common** in the current market, even for big names. GSH's discount is moderate by comparison, which we attribute to its assets being more cash-generative (hospitality) and the market factoring in the strong insider backing (less risk of distress). That said, as GSH delivers on earnings and possibly reduces debt, we see scope for the stock's valuation to re-rate closer to RNAV. Our target of 0.8x RNAV (i.e. 20% discount) is ambitious but not unrealistic – it would still be a larger discount than before the pandemic for many property stocks, but reflects the new normal of investor caution. Upside to our target could come if GSH surprises with a major value-unlocking move (e.g. selling a stake in Sutera Harbour at a rich valuation, which could push RNAV higher and debt lower simultaneously).

Peer Table Snapshot:

Company	Market Cap (S$)	P/B (x)	P/RNAV (x)	Comments
GSH Corp (SGX:BDX)	327M	0.95	~0.64 (36% disc)	Small-cap; Malaysia/China focus
Oxley Holdings	384M	0.45	~0.5 (50+% disc)	Small-cap; aggressive leverage
City Dev (CDL)	~5.0B (SG)	0.50 (book) / 0.30 (RNAV)	0.30 (70% disc)	Large-cap; global assets
UOL Group	~4.5B (SG)	~0.60 (book)	~0.5 (~50% disc)	Large; diversified (hotel & dev)

(Sources: Company filings, SGX, and analyst reports. CDL RNAV discount from DBS estimates dbs.com.sg; Oxley P/B from Yahoo Finance finance.yahoo.com.)

Catalysts & Upside Scenarios

Several catalysts could drive GSH's share price and value realization in the next 12–18 months:

- **Successful Launch of Petaling Street Residence (KL):** A strong take-up when GSH launches the 1,889-unit project (possibly in late 2025) would be a game-changer. It would generate sizeable presales (which could improve cash flow and reduce net debt) and showcase GSH's ability to execute a mega-project in a competitive market. If 50% of units (~900 units) are sold within the launch year as targeted, it would underpin revenue recognition over subsequent years and add confidence to our RNAV (the project's value would progressively be reflected on the balance sheet). A scenario where foreign and local buyers snap up units (especially given its central location and relatively affordable unit sizes) is plausible, and could add S$5–10M in earnings contributions at early stages, growing as construction progresses.
- **Monetization of Assets / Strategic Partnerships:** GSH could unlock value by monetizing part of its asset portfolio. For example, management could consider **selling a minority stake in Sutera Harbour Resort** to a strategic investor (e.g. a hospitality fund or REIT) at a valuation higher than book. Sutera's stability and land holdings might attract interest; a sale at even 10–12x EBITDA would highlight the undervaluation. Another route is an **IPO or spin-off of the hospitality division** (packaging the Sabah resorts and maybe Chongqing hotel into a hospitality trust). This could substantially deleverage GSH and crystallize value (similar to how larger developers have spun off hotel assets). Additionally, GSH's controlling shareholder could choose to privatize the company if the market price remains too low – while there's no

indication of this now, the presence of heavyweights like the Riady family (Lippo) on the register suggests corporate actions are possible (Lippo has a history of M&A in property). Even a smaller move, such as **selling the remaining units of Coral Bay in bulk** to institutional buyers (e.g. a real estate fund or high-net-worth syndicate), could be a positive catalyst by rapidly converting inventory to cash and profit.

- **Tourism and Travel Boom:** An upside scenario is one where tourism rebounds faster and stronger than expected. If China's outbound tourism in 2024–2025 returns to near 2019 levels (helped by pent-up demand and more flight capacity), Sutera Harbour's occupancy and room rates could surge. Each additional 10 percentage points in occupancy at Sutera translates to several million SGD in revenue. Malaysia is also promoting "Visit Malaysia 2025" campaigns which could boost arrivals. Moreover, if geopolitical or health situations divert tourists from other markets to Malaysia (being seen as a safe, value-for-money destination), GSH's resorts stand to benefit disproportionately (Sabah is sometimes seen as an alternative to crowded Bali or expensive Maldives). On the domestic front, robust domestic tourism in China could mean the Chongqing hotel ramps up quicker (especially if international travel in China is sluggish, locals might travel internally more). Under a bull case, hospitality EBITDA could double, adding significantly to GSH's bottom line.
- **Macro/Easing Cycle Tailwinds:** A macro catalyst would be the **easing of interest rates** globally. As inflation subsides, if central banks (including Malaysia's and the US Fed) cut rates in late 2024 or 2025, it would reduce borrowing costs for GSH (interest expenses would fall, improving net profit). Lower mortgage rates could also stimulate property buying in Malaysia and China, helping GSH's unit sales. In addition, a stabilization or rebound of the Malaysian Ringgit and Chinese Yuan versus the SGD would provide translation gains and boost reported earnings (since a lot of revenue is in MYR/RMB while reporting is in SGD). We saw a taste of this in FY2024 when currency moves added S$32.6M to OCI – a moderate reversal or stable currency scenario would avoid eroding those gains. Any government stimulus in China's property sector (e.g. relaxing home purchase restrictions, providing developer financing support) would be another upside for sentiment, which could lift the value of GSH's China land bank beyond our conservative assumption.
- **Awards and Branding / ESG Initiatives:** While softer as a catalyst, GSH's increasing recognition (e.g. winning **PropertyGuru's "Best Luxury Developer (Malaysia)" award**) can enhance its brand equity, aiding sales and potentially allowing premium pricing. Also, if GSH undertakes notable ESG (Environmental, Social, Governance) initiatives – say, green certification for Petaling Street Residence or coral conservation programs in Sabah – it could attract ESG-focused investors or funds, widening its investor base and possibly its valuation multiples.

In essence, GSH's upside scenarios revolve around executing its development pipeline effectively and leveraging its unique hospitality platform in a resurgent travel market. The stock's relatively low liquidity and market profile mean that any significant positive news (like a major sale or earnings surprise) could have an outsized impact on the share price as investors re-rate the company.

Risks & Mitigations

Investors should consider the following key risks to the GSH investment thesis, along with management's strategies to mitigate them:

- **Property Market Risk (Malaysia & China):** Real estate development is cyclical and GSH is exposed to market demand in its locales. In Malaysia, there is an oversupply of high-rise condos in Kuala Lumpur and economic growth uncertainties; in China, the property sector remains in a downturn with weak buyer sentiment. A prolonged slump could slow sales or force price cuts for GSH's projects.

  Mitigation: GSH focuses on niche, high-quality projects that have inherent demand – e.g. Coral Bay's seafront luxury appeal helped it sell despite a saturated market. In KL, Petaling Street Residence is positioned at a price point attractive to locals (tapping unmet mid-end demand), rather than competing head-on with luxury oversupply. GSH also staggers launches (they did not flood the market with all Coral Bay units at once, preserving pricing). In China, GSH has essentially paused new developments, avoiding throwing good money after bad; they will likely wait for clarity or possibly find partners if they resume building on Yuhu's remaining land. The diversified geographic exposure (Sabah vs KL vs Chongqing) provides some buffer – these markets do not move in perfect tandem.

- **Hospitality and Tourism Risk:** The hospitality business is sensitive to external shocks – pandemics (as seen with COVID-19), travel restrictions, or even local events (security issues, environmental events) can sharply impact occupancy and rates. A global recession could reduce travel spending, and competition from regional destinations is constant.

  Mitigation: GSH's resorts cater to a mix of segments (leisure, business, domestic, international), which diversifies demand sources. Sutera Harbour, for instance, attracts local corporate events and golfers, not just foreign tourists. Post-COVID, management has refocused on domestic tourism and regional travellers to build a base. The extension of visa waivers and tourism pacts (Malaysia-China) is partly a result of industry lobbying – GSH benefits as the industry recovers. Also, GSH can adjust pricing and promo packages to sustain occupancy (Sabah is relatively affordable for a 5-star experience, making it resilient as a "value luxury" spot). In terms of pandemics, while another event cannot be ruled out, global preparedness has improved; additionally, GSH now has experience in cost-cutting and scaling down operations if needed to weather a downturn. Their balance sheet does carry the hotels at cost, meaning any severe, prolonged downturn could force an impairment – but given current recovery, this risk is low.

- **Financial Leverage and Interest Rate Risk:** GSH's high debt level amplifies risks. Rising interest rates increase interest expenses (which already contributed to losses), and a credit tightening could make refinancing difficult. There is also refinancing risk on short-term borrowings or the convertible note due 2025.

  Mitigation: The presence of Dr. Sam Goi as a backstop is a significant mitigant – he has previously purchased bonds (e.g. owning ~32% of an issue) and extended loans to support liquidity. Management has stated a mandate of keeping net gearing within 2.25:1 and is comfortable up to 1:1 (they exceeded that due to growth investments but are aware of it). Now that projects are completing, they are prioritizing **working capital management and stability over aggressive expansion**. Cash generated will largely go to debt reduction in the next few years. The interest rate risk is partly mitigated by a likely peaking of rates – most of GSH's debt is in MYR or SGD where rates have stabilized or may drop in 2024. Moreover, some of GSH's debt might be project-financed with fixed rates or hedges (not disclosed, but common practice). The convertible bond due 2025 gives flexibility: if the share price remains low, Dr. Goi could roll it over or convert it (he increased his note holding in 2025, indicating willingness to take equity if needed). Finally, GSH's asset base can be leveraged to secure refinancing – ~48% of properties were pledged for loans as of 2019, leaving some headroom.

- **Execution Risk:** GSH is a relatively small developer tackling some large projects (Petaling Street is huge by their standards). Execution missteps – construction delays, cost overruns, or quality issues – could hurt financial performance and reputation. Similarly, integrating and running the new Chongqing hotel remotely is a challenge for a team used to Malaysia.

  Mitigation: GSH has a track record of delivering on projects: Coral Bay, Eaton, and Yuhu were completed and handed over, suggesting competent project management. The partnership approach (e.g. 50% JV in Petaling Street with a likely experienced partner) helps share risk and bring in local expertise. GSH often hires reputable contractors and consultants for construction – for example, it would likely engage established KL construction firms for the Petaling tower. On cost control, the current environment has high construction costs, but GSH can phase development (they have not rushed The Point, for example, likely waiting for better cost conditions). As for hospitality, GSH mitigated its operational risk in China by **engaging New World (Rosewood)** to manage the hotel – bringing international standards and leaving specialized tasks to experts. Also, adding an experienced COO (Mr. Goi Kok Ming) and new independent directors with relevant experience (e.g. Joycelyn Ong in 2024) shows GSH is bolstering its management bench. The board's mix of finance and legal backgrounds provides oversight to major decisions, reducing execution errors in strategy.

- **Geographical/Currency Risk:** GSH earns most of its revenue in Malaysian Ringgit and Chinese Yuan, but reports in SGD. Depreciation of these currencies reduces reported revenue and asset values. For instance, a weaker MYR could erode the SGD value of Sutera's earnings. Additionally, GSH's assets are in emerging markets which carry sovereign and regulatory risks (changes in property laws, taxes, foreign ownership rules, etc., especially in Malaysia).

  Mitigation: Currency risk is partly naturally hedged: a portion of GSH's debt is denominated in the same local currencies (e.g. ringgit loans for Sabah operations), and costs are local, so the impact is mainly translational. In FY2024, currency actually provided a boost (MYR was relatively stable, and RMB had periods of strength). The company does not indicate active FX hedging, but it monitors exchange movements. As for geographic risk, Malaysia has a relatively investor-friendly regime for property (no drastic policy changes expected under current government), and any tightening (like higher stamp duties for foreigners) tends to be signalled in advance. GSH's local partners and shareholders (the Ng's of Far East in Malaysia, for example) likely give it insight and influence. In China, GSH kept its exposure limited and can pivot to selling land if needed (to local state-owned developers perhaps). Diversification into two countries provides some balance – weakness in one might be offset by the other.

- **Governance/Concentration Risk:** With Sam Goi controlling ~64% and being Executive Chairman, minority investors may worry about potential related-party transactions or decisions that favour the majority (for instance, if he attempts to take the company private at a lowball price). The free float is also limited (~36%), which can cause liquidity risk (difficult to enter/exit large positions).

  Mitigation: GSH has taken steps to maintain good governance: the board has a majority of independent directors, and an independent Lead Director was in place (Michael Gray, who retired 2024, succeeded by Ng Hin Lee). The corporate governance reports show compliance with SGX rules on independence (e.g. Chairman and CEO roles are separate, committees are chaired by independents). Sam Goi's interests are largely aligned with shareholders – as a majority owner and bondholder, he benefits from value creation across the board. His record so far (no evidence of abusive RPTs, and willingness to invest more capital) engenders some trust. Nonetheless, minorities should keep an eye on related-party dealings (if GSH were to buy assets from or sell to Sam's other companies, etc. – none such are evident now beyond ordinary course). On the liquidity front, the entry of institutional investors like Lippo (5%) potentially increases trading liquidity and provides another watchful eye on governance. Any privatization attempt would have to be at a fair price to gain approval from independent shareholders and SGX – the current discount ironically protects against a low takeover (as independent valuation would underscore RNAV).

In conclusion, while GSH faces a variety of risks typical of its industry, most are being managed prudently. The company's conservative stance in a tough market (holding off on new builds in China, not over-leveraging beyond internal comfort) and the strong financial commitment of insiders (high insider ownership of both equity and debt) provide reassurance. We believe the potential rewards outweigh these risks, especially at the current stock valuation which already prices in a degree of pessimism.

Management & Governance

Leadership Team: GSH is led by Executive Chairman **Dr. Sam Goi Seng Hui**, CEO **Gilbert Ee Guan Hui**, and COO **Goi Kok Ming**. Dr. Sam Goi is a renowned Singaporean entrepreneur (chairman of Tee Yih Jia Foods, among other interests) with decades of business experience across food manufacturing, real estate, and investment sectors; he is currently ranked among Singapore's wealthiest individuals (#21 by Forbes, with an estimated net worth of US$2.4 billion). His extensive business acumen and far-reaching networks in finance and commerce bring significant strategic depth to the Group. His entry into GSH in the early 2010s transformed the company from a small trading firm into a regional property developer, leveraging his capital and vision. Sam Goi's hands-on role (Executive Chairman) means he is actively steering strategy – his vested interest is evidenced by his 63.7% stake and personal investment in the company's bonds. Shareholders benefit from having such "skin in the game" at the helm, although it also means he has significant influence on all decisions.

The CEO, **Gilbert Ee**, has been on GSH's board since 2012 and is responsible for day-to-day management and execution of projects. Gilbert Ee is related by marriage to Sam Goi (son-in-law), reflecting the family-influenced leadership. He brings financial acumen from prior banking experience (Rabobank, Citibank). Under his operational leadership, GSH successfully delivered recent projects and navigated the pandemic pressures, which speaks to his capability in managing operations and finances prudently.

Mr. Goi Kok Ming serves as Chief Operating Officer of GSH Corporation, overseeing the Group's operational strategy, project execution, and cross-border development initiatives. He brings with him a strong background in business development, hospitality operations, and property investment, and plays a key role in driving the Group's day-to-day execution across Malaysia, China, and Singapore. As a member of the Goi family, he also contributes to the long-term alignment of shareholder and management interests, ensuring continuity and strategic cohesion within the leadership team.

Board Composition: The Board of Directors currently has 7 members. Besides the 3 executive directors (Sam Goi, Gilbert Ee, and Goi Kok Ming), there are 4 Independent Non-Executive Directors:

- **Mr. Ng Hin Lee** – Lead Independent Director (since 2024). He is a seasoned finance professional, formerly Group CFO of Singapore Post, and has public board experience. He chairs the Audit & Risk Committee, providing rigorous oversight on financial reporting and risk management.
- **Ms. Tan Min-Li** – Independent Director (appointed 2023). She is a lawyer by profession (expertise in corporate and white-collar crime law). Her legal background strengthens governance and compliance on the board.
- **Mr. Wendell Wong** – Independent Director (a senior lawyer, bringing legal and regulatory insight).
- **Ms. Joycelyn Ong** – Independent Director (joined July 2024). Her background is not detailed in the AR excerpt, but her appointment was part of board renewal for broader perspectives.

Previously, Mr. Michael Gray served as Lead Independent until 2024, indicating a continuity of strong independent leadership. The Board therefore comprises a majority of independent directors (4 out of 7), in compliance with corporate governance code provisions given the non-independent Chairman. This structure ensures that despite the controlling shareholder, independent views carry weight in board deliberations. The board committees (Audit & Risk, Nominating, Remuneration) are all chaired by independent directors, as per the annual report, which adds checks and balances in key areas like executive pay, audits, and director nominations.

Governance Practices: GSH adheres to Singapore's 2018 Code of Corporate Governance. Some highlights:

- The roles of Chairman and CEO are separated (Sam Goi and Gilbert Ee respectively), which prevents concentration of power. Although Sam is not independent, the Lead Independent

Director convenes meetings of independent directors when needed without management present.

- The company discloses that independent directors regularly assess their independence and that none have relationships that could interfere with their judgment. This is important given the family ties on the executive team.
- The board has stated objectives to improve diversity, including adding directors with regional experience (China/Malaysia). The recent appointments may be aligned with this goal. There's also ongoing succession planning – for instance, bringing in Joycelyn Ong in 2024 likely to groom future leadership.
- Internal controls and risk management appear robust – the ARC (Audit & Risk Committee) provides oversight ensuring assets are safeguarded and financial statements are fair. The fact that GSH navigated through a tough period without major financial restatements or scandals attests to sound risk management.
- On transparency, GSH engages shareholders via annual general meetings and disclosures. They have no fixed dividend policy but communicate that clearly, focusing on reinvestment until profits allow payouts.
- As part of governance, GSH also maintains an interested person transactions policy; given Sam Goi's other businesses, any transactions between GSH and his other entities would be scrutinized by the independent directors. So far, none of significance have been reported, implying clean dealings.

Ownership Structure and Alignment: As discussed, GSH's ownership is concentrated with supportive stakeholders:

- **Dr. Sam Goi – 63.66%** direct holding. His large stake aligns him with creating long-term shareholder value. It also means low float, but his purchases (recent small open-market buys noted in news) signal confidence. The flip side is minority shareholders have limited ability to influence corporate actions; however, Sam's interests in growing his wealth through GSH presumably coincide with minority interests seeking stock appreciation.
- **Gilbert Ee – ~8.0% (deemed).** As CEO and a substantial shareholder, his incentives to drive performance are clear.
- **Goodview (Far East Org) – 5.1%.** Far East is one of Singapore's largest real estate groups (run by the Ng family). Their stake likely came from co-investment when GSH was raising funds for expansion. Far East's presence is a vote of confidence and they could potentially increase stake or partner on projects. They have a representative via their investment arm (Goodview) but not a board seat, indicating they are passive investors.
- **Lippo group entities – ~5.03%.** This is a newer development (2023). The Lippo group (controlled by the Riady family of Indonesia) has significant real estate interests (e.g. in Indonesia, Singapore through OUE, etc.). Their stake suggests strategic interest – possibly they see GSH as undervalued or are interested in collaborating on projects (Lippo has hotel and

property expertise regionally). Having them on board could open doors for GSH in Indonesian markets or additional capital if needed. It also adds another layer of oversight because Lippo, being an institutional investor of sorts, will expect good governance and performance.

Together, insiders and these strategic holders own over 80% of GSH's shares, leaving a small public float. This tight float can cause stock illiquidity, but it also tends to reduce volatility (aside from one-off spikes, as there are few traders). One should be aware that if any of these large holders decide to sell, it could impact the share price due to low liquidity. Conversely, the concentration means any corporate action (like a potential privatization) could be executed smoothly if the main owners agree, since they easily surpass the thresholds for special resolutions.

ESG and Sustainability: GSH publishes sustainability reports, focusing on areas like environmental management at its resorts (e.g. energy and water savings initiatives at Sutera Harbour) and community engagement (supporting local employment in Sabah, etc.). While ESG factors are not the primary focus of this report, it is worth noting that as a publicly listed firm, GSH is improving its disclosures and aligning with sustainability best practices – which can enhance its appeal to certain investor segments and mitigate risks (for instance, managing coastal environmental impact is crucial for a resort business longevity).

In summary, GSH's management and governance setup gives a mix of entrepreneurial drive and prudent oversight. The combination of a visionary, incentivized majority owner with a professional management team and a majority-independent board is a structure that has worked well for many mid-cap companies in Asia. We believe GSH has adequate checks and balances to protect shareholder value, and the leadership's substantial stakes strongly incentivize them to execute strategies that will benefit all shareholders (e.g. share price growth, business growth), not just the insiders. The key governance watchpoint remains the high control by one individual, but as long as interests remain aligned (which they do, given Sam Goi's financial stake and legacy considerations), this risk is moderated.

Conclusion & Recommendation

Investment Thesis Reiteration: GSH Corporation represents a compelling deep-value and turnaround opportunity in the real estate sector. The company has **strong tangible asset backing** (S$0.25 RNAV per share by our estimates) supported by a portfolio of premium properties and land, yet the stock trades at a significant discount to this intrinsic value. With the worst of the pandemic and property downturn seemingly over, GSH is poised to **return to profitability** in the coming year, driven by recovering hospitality earnings and ongoing property sales. The strategic focus on niche markets – luxury waterfront homes in tourist destinations and well-located city projects – sets GSH apart from generic developers and provides levers for outperformance as those markets recover.

We recommend **BUY** with a target price of **S$0.20**, based on a 20% discount to RNAV. This target implies a potential upside of ~20% from the current price, which we find achievable as the company delivers on its pipeline. Our valuation is also supported by the expectation of tangible NAV growth (through retained earnings and potential revaluation gains) and possible reduction in the RNAV discount as investor confidence builds.

At S$0.20, GSH shares would still trade at a modest <1.1x book and a discount to realized asset value – leaving room for further upside if catalysts are realized. It is worth noting that **insiders have been buyers of the stock around current levels**, reflecting their view of undervaluation. We believe the market will increasingly recognize GSH's unique mix of stable resort income and profitable development projects, especially once headline earnings turn positive, potentially in FY2025.

Dividend Outlook: While GSH is not expected to pay a dividend in the immediate term (management will likely conserve cash for development and debt servicing), the improving cash flows could open the door to reinstating dividends in the medium term. If the base-case scenario unfolds and net profit reaches S$5–10M, the company could consider a token dividend (perhaps ~0.2 cents, yielding ~1.3% at our target price) without straining resources, as a signal of confidence. In our view, any dividend initiation would be an additional catalyst for the stock, although our recommendation does not rely on it.

Sector Positioning: Within the SGX-listed property plays, GSH offers a rare pure-play on Sabah's tourism real estate and a play on Chongqing's recovery, alongside a KL development angle. It is smaller and less liquid than blue-chips, but that agility has allowed it to find underserved niches. We see GSH as a complement to an investor's real estate portfolio, providing exposure to growth regions and possibly higher beta to a property upcycle (with its higher leverage acting as leverage on equity returns in a positive scenario). The stock's risk-reward profile is attractive for investors with a 12–24 month horizon, who can tolerate moderate volatility and lower liquidity.

Key Monitorables: Investors should monitor the following going forward: (1) Quarterly sales of Coral Bay units and any announcements of Petaling Street project launch (sales rates will be a critical indicator). (2) Occupancy and RevPAR trends at Sutera Harbour – any sharp improvement or setbacks (management sometimes provides commentary or one can track tourist arrival stats for Sabah as a proxy). (3) Gearing and financing updates – e.g. how GSH refinances the 2025 convertible note or any significant debt repayments from asset sales. (4) Corporate developments – involvement of Lippo or others might foreshadow collaborations or even corporate actions. So far, SGX announcements and annual reports have been the main source; continued transparency here will be important to maintain investor trust.

In conclusion, we believe GSH has navigated through a difficult period and is now on a steady path to unlocking its value. The combination of an asset-rich balance sheet, a recovering earnings trajectory, and committed insider ownership makes for a promising investment case. Barring unforeseen macro shocks, we expect GSH's share price to appreciate toward our target as the company executes its strategy. **We thus rate GSH Corporation Limited a BUY**, for investors seeking exposure to Southeast Asian real estate with a tilt toward the hospitality recovery theme and willing to invest alongside a notable insider (Sam Goi) in his flagship property venture.

Appendices

Appendix A – Financial Forecast Scenarios (FY2025–2026):

- **Base Case:** Revenue ~S$130M in FY2025 (+4% YoY) and ~S$150M in FY2026, as hospitality inches upward and Petaling Street contributes modestly. Net profit turns positive at ~S$5M in 2025 and ~S$12M in 2026 (EPS 0.25¢ and 0.6¢ respectively), assuming steady margins and interest costs. ROE improves from negative to ~1.4% (2025) and ~3.3% (2026). No dividends in base case, debt reduced by S$30–40M over two years from project cash flows.
- **Bull Case:** Revenue ~S$155M in 2025 and ~S$200M in 2026. This assumes very strong hotel performance (Sabah at record occupancy, Chongqing ramped up) and a successful Petaling launch (with significant progressive recognition by 2026). Net profit could reach ~S$20M by 2026 (EPS ~1.0¢, ROE ~5–6%). In this scenario, GSH might initiate a small dividend by 2026 (e.g. 0.2–0.3¢). Net gearing falls substantially below 1x as asset sales accelerate.
- **Bear Case:** Revenue ~S$100M in 2025 (if tourism falters or project launches delay) and ~S$110M in 2026. GSH barely breaks even or remains slightly loss-making (e.g. –S$3M net loss in 2025, small profit ~S$2M in 2026). EPS would be around 0 (ROE ~0%). In this scenario, high interest costs and slow sales erode profitability. The company would focus on cost cuts and likely no dividends; leverage remains high, though asset values provide a backstop. Even in the bear case, the asset-rich nature would likely keep RNAV intact, implying stock downside might be limited by potential privatization value.

(These scenarios are simplified and for illustrative purposes; actual outcomes may vary based on market conditions.)

Appendix B – Segment Revenue & Profit Model: (FY2023A–FY2026E, S$'000)

Segment	**FY2023 Revenue**	**FY2023 PBT**	**FY2024 Revenue**	**FY2024 PBT**	**FY2025E Revenue**	**FY2025E PBT (Base)**
Property Development	97,636	18,738	56,727	12,009	Fifty,000 (approx)	~10,000 (slower year)
Hospitality	53,476	3,469	66,939	4,095	75,000	~5,000 (Chongqing breakeven)
Trading/Others	5,505	-1,629	~2,000 (wind-down)	(2,500) est.	0 (ceased)	(3,000) (corp expense, interest)
Total	**156,617**	**(Loss 11,090)**	**125,161**	**(Loss 3,086)**	**~130,000**	**Profit ~7,000**

(FY2025E base assumes moderate property sales and continued hospitality recovery; figures are rounded. PBT for segments excludes unallocated interest which is in Others.)

We see the heavy lifting for profits shifting toward Hospitality in 2025 as Property normalizes. The model indicates how GSH's profitability is sensitive to each segment's performance.

Appendix C – Financial Summary:

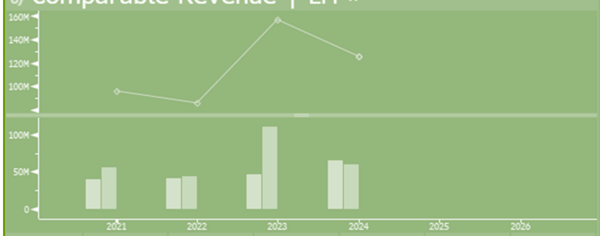
Financial Ratios

Fiscal Year End	12/2024
Last Quarter End	06/2024 S2
Current/T12M	(SGD)

Issue Data		Per Share Data		Cash Flow Analysis	
Last Px	SGD/0.17	EPS	-0.01		
P/E	N.A.	EPS T12M	-0.01	CF/NI	N.A.
Dvd Ind Yld - Gross	N.A.	DPS	0.00	Dvd P/O	N.A.
P/B	0.92	Bk Val Per Sh	0.18	Cash Gen/Cash Reqd	0.5
P/S	2.6	Rev/Bas Sh	0.06	Csh Dvd Cov	N.A.
P/CF	27.2	T12M CPS	0.01	CFO/Sales	9.5%
Mkt Cap	325.3M	Curr Shares Out	2.0B	Eff IR	3.2%
Curr P/FCF	N.A.	FCF/Basic Sh	-0.01		
Growth Potential		**Profitability**		**Structure**	
		OPM	13.9%	Curr Ratio	1.4
EPS - 1 Yr Gr	8.8%	Prtx Mrgn	-8.9%	Quick Ratio	0.1
Cap 1Y Gr	0.7%	ROA	-0.8%	Debt/Assets	40.9%
BPS 1Y Gr	6.0%	ROE	-3.0%	Debt/Com Eq	143.3%
Retntn Rt	N.A.	ROC	0.3%	A/R Trnovr	7.8
Rev - 1 Yr Gr	-20.1%	Ast TO	0.1	Inv Turnover	0.1
Empl 1Y Gr	N.A.	Finl Lev	3.6	EBIT/Tot Int Exp	1.1
Ast 1Y Gr	1.8%	Eff Tx Rate	N.A.		

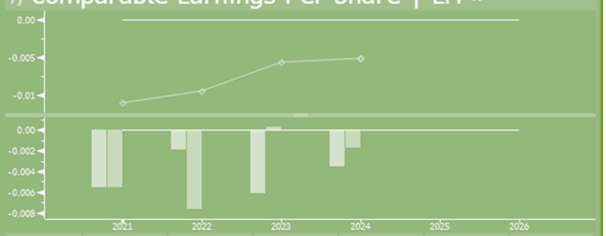
Revenue & EPS

6) Comparable Revenue | EM »



(SGD)	2021	2022	2023	2024	2025	2026
FY	95.8M	86.1M	156.6M	125.2M		
S1	39.7M	41.9M	46.3M	65.6M		
S2	56.0M	44.2M	110.4M	59.6M		

7) Comparable Earnings Per Share | EM »



(SGD)	2021	2022	2023	2024	2025	2026
FY	-.011	-.010	-.006	-.005		
S1	-.006	-.002	-.006	-.004		
S2	-.006	-.008	.000	-.002		

(Fiscal Period: Reported, Estimated)

8) Geo Seg | FA GEO »	2024 Rev	3Yr Gr
Malaysia	108.8M	19.16%
China	16.3M	-19.65%
United Arab Emirates	N.A.	N.A.
Singapore	N.A.	N.A.

9) Prod Seg | FA PROD »	2024 Rev	3Yr Gr
Hospitality	66.9M	56.47%
Property	56.7M	6.58%
Others	1.5M	N.A.

(Source: Bloomberg)

Income Statement FY2024:

	2024 $'000	2023 $'000
Revenue	125,161	156,617
Cost of sales	(71,884)	(102,009)
Gross profit	53,277	54,608
Other net income	2,324	6,845
Selling and marketing expenses	(3,240)	(5,868)
Administrative expenses	(33,642)	(28,514)
Net impairment losses on financial assets	(1,321)	(350)
Results from operating activities	17,398	26,721
Finance income	780	959
Finance expenses	(29,268)	(30,766)
Net finance costs	(28,488)	(29,807)
Loss before tax	(11,090)	(3,086)
Tax expenses	(4,402)	(5,196)
Loss for the year	(15,492)	(8,282)
(Loss)/profit attributable to:		
Owners of the Company	(10,229)	(11,186)
Non-controlling interests	(5,263)	2,904
Loss for the year	(15,492)	(8,282)
Other comprehensive income/(loss), net of tax		
Items that are or may be reclassified subsequently to profit or loss:		
Exchange differences on monetary items forming part of net investments in foreign subsidiaries	10,646	(10,801)
Foreign currency translation differences arising from consolidation	14,433	(15,366)
Reclassification due to deconsolidation of a subsidiary	(106)	–
	24,973	(26,167)
Items that will not be reclassified subsequently to profit or loss:		
Revaluation gain on property, plant and equipment	3,794	93,422
Foreign currency translation differences arising from consolidation	3,838	(6,732)
Other comprehensive income, net of tax	32,605	60,523
Total comprehensive income for the year	17,113	52,241
Total comprehensive income/(loss) attributable to:		
Owners of the Company	19,304	34,856
Non-controlling interests	(2,191)	17,385
Total comprehensive income for the year	17,113	52,241
Loss per share		
Basic loss per share (cents)	(0.52)	(0.57)
Diluted loss per share (cents)	(0.52)	(0.57)

(Source: GSH Corporation Annual Report FY2024)

Condensed Income Statement: *(in S$'000)*

FY2022: Revenue 86,358; PBT –529; Net Loss –20,000 (est)

FY2023: Revenue 156,617; PBT –11,090; Net Loss –11,924 (EPS –0.6¢)

FY2024: Revenue 125,161; PBT –3,086; Net Loss –9,800 (est); Total Comp. Income +17,113.

Condensed Balance Sheet (31 Dec 2024): *(in S$'000)*
Total Assets S$1,241,681 – of which Development Properties 577,998, PPE 581,681, Cash ~60,000.
Total Liabilities ~S$887,000 (including Borrowings ~680,000, other liabilities ~207,000).
Shareholders' Equity S$354,000 (NAV S$0.1796/share).
Net Debt ~S$620,000 (Net Debt/Equity ~1.75x).

Condensed Cash Flow FY2024: *(in S$'000)*
Operating CF +35,580 (driven by progress billings and resort cashflow), Investing CF –23,835 (capex on PPE, primarily completing Chongqing hotel), Financing CF –8,047 (net loan repayments, interest payments). Ending cash ~S$58M (excluding ~S$20M pledged).

These appendices provide additional detail supporting our analysis, and underscore the improvements underway in GSH's financial metrics. The forecasts and scenarios should be revisited as new data (quarterly updates, sales figures) emerge. We will update our assumptions and target accordingly. Overall, GSH's outlook is brightening, and the numbers are beginning to tell that story – we advise investors to consider positioning ahead of the full turnaround being evident to the broader market.

Sources: GSH Corporation Annual Reports 2023 & 2024, Company announcements, Analyst reports, SGX filings, and publicly available market data and information.

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