

GSH CORPORATION LIMITED (SGX: BDX)

1H FY2025 Results Update | 10 September 2025

Analyst : Jaimes Chao

+65 6011 1700 | research@tickrs.com.sg

Rating: BUY (maintained)

Last Close: S\$0.168

Target Price: S\$0.200

Upside: 19%

Steady Recovery Underway, Backed by Insider Support

Hospitality Rebound & Deleveraging Theme: GSH's 1H FY2025 results show a nascent turnaround in operations, underpinned by a strong tourism-led recovery in Sabah and strategic financing initiatives by insiders. Revenue in 1H2025 inched up **+2.1% YoY** to S\$66.96 million, and net loss narrowed to **S\$4.85 million** (from a S\$6.95m loss a year ago). The Pacific & Magellan Sutera resorts benefitted from surging tourist arrivals (Sabah received 2.12 million visitors in Jan–Jul 2025, +20% YoY), lifting hospitality revenue and helping GSH achieve a positive operating profit of **S\$11.3 million** in the half. However, high interest costs (S\$15.2m in 1H2025) continued to weigh on the bottom line. Management and major shareholders have responded by **bolstering liquidity** – launching a S\$200m Commercial Paper (CP) program (with substantial insider take-up) and partially converting a 2025 convertible bond – to refinance debt and position the balance sheet for recovery. With its asset-rich portfolio still trading at a deep discount to intrinsic value, GSH remains a revaluation story catalyzed by improving fundamentals and committed insider backing.

Executive Summary

1H2025 Results – Narrowing Losses: GSH's 1H2025 revenue was **S\$66.96m (+2.1% YoY)**, a slight increase driven by higher resort and hotel contributions as travel rebounded. Group gross profit improved (hospitality margins expanded with better occupancy), and the **net loss shrank to S\$4.85m** from S\$6.95m a year ago. Notably, **operating profit turned positive** at S\$11.3m, reflecting cost discipline and stronger operational performance. Heavy **finance expenses (~S\$15m) eroded profitability**, but the trend is clearly toward break-even and net profit by FY2025. On a half-on-half basis, revenue rose ~12% vs 2H2024 (which saw S\$59.6m revenue, by our estimates), underscoring accelerating business momentum into 2025. No interim dividend was declared (loss-making), as management prioritizes cash conservation and debt reduction.

Strategic Deleveraging & Liquidity: To address its high leverage (~1.3× net gearing), GSH implemented innovative financing measures. It raised **~S\$35m through CP issuances** in 1H2025 on digital debt platforms (ADDX, SDAX), as part of an ongoing S\$200m multi-currency program. **Insiders have been the key subscribers** – Executive Chairman Dr. Sam Goi holds ~S\$68m of GSH's CPs across various tenors (5.3–6.0% coupons), and together with the CEO and related parties, insiders account for a large portion of the outstanding CPs. This “skin in the game” provides GSH short-term funding flexibility and

is a strong vote of confidence in the company's solvency. Additionally, the **S\$75.8m convertible note due 2025** (also mostly held by Dr. Goi) saw **S\$0.316m converted and cancelled** (Jan–Aug 2025), and the SGX granted in-principle approval in July to list up to ~445 million new shares – effectively paving the way for a full conversion of the note into equity. A complete conversion would boost equity by ~S\$75m and cut annual interest costs (~S\$4.5m), materially strengthening GSH's balance sheet. Net debt stood around **S\$620m** as of Jun-2025 (total debt ~S\$680m, cash ~S\$60m); management expects to **reduce debt by S\$30–40m over FY2025–26** through project cash flows, asset monetization, and potential equity conversion, which should gradually ease net gearing to ~1.1× by FY2026e.

Key Financial Metrics (S\$; 1H FY2025 actuals; FY-end Dec 2025 for forecasts)

- **Market Cap:** ~S\$330.5m (at S\$0.168/share, 1.967bn shares)
- **1H2025 Revenue:** S\$66.96m (1H2024: S\$65.58m)
- **1H2025 PATMI:** –S\$4.85m (1H2024: –S\$6.95m)
- **FY2024 Revenue (actual):** ~S\$125.2m; FY2025e: ~S\$130m; FY2026e: ~S\$150m
- **FY2024 Net Profit (actual):** –S\$9.8m; FY2025e: S\$5m; FY2026e: S\$12m
- **EPS:** 1H2025 –0.25¢ (vs –0.35¢ a year ago); FY2025e: 0.25¢; FY2026e: 0.60¢
- **NAV/Share:** ~17.9¢ (Jun 2025 book); RNAV/Share: ~25¢ (revalued NAV)
- **Valuation:** P/NAV ~0.94x; P/RNAV ~0.68x; FY25e P/E ~67x (small earnings base), FY26e P/E ~28x; no dividend (nil payout until earnings stabilize)
- **Net Gearing:** ~130% (Jun 2025); expected to decline to ~110% by end-2026 with conversions/debt paydown

Footnote: We show 1H FY2025 actuals (six months ended 30 Jun 2025) and full-year forecasts on a Dec 2025 fiscal year-end basis.



Figure 1: GSH's revenue is expected to grow modestly while net profit margin turns positive by FY2025e and improves further in FY2026e (base case forecasts). The company's hospitality-led revenue recovery, coupled with cost controls and lower interest burden post-deleveraging, underpins this sharp swing from net loss (–8% margin in FY2024) to net profit (~8% margin by FY2026e).

Outlook: We anticipate a **stronger 2H2025** as tourism enters peak season (year-end holidays) and recent property sales (e.g. luxury condos at Coral Bay, KK) are progressively recognized. FY2025 should mark GSH's return to full-year profitability (our forecast ~S\$5m net profit), with **net profit inflecting from –S\$9.8m in FY2024 to +S\$5m in FY2025e**, and more than doubling to ~S\$12m in FY2026e. The charts below illustrate GSH's **projected financial turnaround**, with revenue growth and margin expansion driving an earnings rebound off 2024's trough:

1H FY2025 Results Highlights

Muted Top-line Growth, but Better Quality Earnings: GSH's slight revenue increase in 1H2025 masks significant shifts within its business segments. **Hospitality revenue surged** (especially at the flagship Sutera Harbour Resort in Kota Kinabalu), reflecting the post-pandemic travel boom. In Malaysia, the hospitality segment's revenue rose by **S\$1.7m YoY** to S\$33.4m, as guest arrivals neared 90% of pre-Covid levels and room rates held firm. The new 200-room New World Chongqing Hotel in China (opened mid-2024) also contributed a full half-year of operations for the first time. Conversely, **property development revenue declined** YoY – 1H2024 had benefited from substantial unit sales at Chongqing Yuhu Gardens (recognized upon completion) and continued sell-through of Coral Bay condos in Sabah, whereas 1H2025 saw fewer new units handed over. The property segment still booked steady sales of remaining inventory (e.g. final Coral Bay units) but at a lower quantum than the prior year. Legacy trading income (frozen food distribution) was roughly flat (~S\$2m, ~3% of revenue) and is no longer material to group performance.

Operational Turnaround: Importantly, **group EBIT swung back to positive** – GSH generated S\$11.3m operating profit in 1H2025, a stark improvement from operating breakeven/loss last year. This was achieved through a richer revenue mix (more high-margin hospitality income vs lower-margin property revenue) and stringent cost management. Gross profit margin likely expanded (1H2025 gross profit and other income was enough to cover expenses and produce an EBIT margin ~17%). Notably, **Sabah resort metrics improved:** management indicated higher average occupancy and RevPAR at Sutera Harbour, aided by various travel promotions and a rebound in conference/events business. In Kuala Lumpur, Eaton Residences (completed 2021) achieved near-full occupancy for its leased unsold units, contributing steady rental income (classified under Property segment). **Chongqing Hotel ramp-up:** The New World hotel in Chongqing, though early in its ramp-up, has garnered industry accolades and is building its occupancy; it remains a longer-term contributor as domestic tourism in China recovers gradually.

Bottom Line Held Back by Interest Costs: Despite the healthier operating performance, GSH posted a **net loss of S\$4.85m** for 1H2025. The drag came from **finance costs**, which remained high at ~S\$15.2m in the half – essentially offsetting operating profit. The bulk of GSH's ~S\$680m debt load is interest-bearing bank loans, notes, and CP paper averaging ~5%–6% rates, so quarterly interest expense is ~S\$7–8m. Encouragingly, net loss narrowed ~30% YoY, and **cash from operations was positive** (helped by some inventory sales and better EBITDA). With the steps underway to reduce debt (via bond conversion and asset sales), interest expense should peak in 2025 and start falling thereafter. **No impairment or revaluation losses** were recorded in 1H2025 – testament to the relatively resilient

asset values (the carrying values of hotels, land and properties remain supported by their usage and recent appraisals).

Segmental Analysis: By segment, **Hospitality** (hotels, resorts, clubs) was the star performer, contributing roughly **50% of group revenue** in 1H2025 (S\$33.4m) and likely the bulk of gross profit. We estimate hospitality EBITDA was solidly positive, given rising occupancy and the high operating leverage of resort operations (after a long pandemic slump, incremental revenue largely falls to the bottom line). The **Property** segment (development projects and property investments) made up ~45% of revenue (~S\$30m). This included remaining unit sales at Coral Bay condos and ongoing recognition of sold units at Yuhu Gardens (Chongqing) and Eaton KL, as well as rental income from GSH's investment properties. Property revenue was lower YoY, as the major chunk of Chongqing condo revenue was already booked in 2023. **Trading & Others** formed ~5% of revenue (~S\$3m) and was barely breakeven; GSH has de-emphasized the low-margin trading business to focus on core property and hospitality. In terms of geography, **Malaysia** (Sabah + KL) remains the largest revenue contributor (~60%), with **China** (Chongqing) around ~35% and Singapore & others minor (~5%). This diversification provides multi-market exposure, though the near-term growth is heavily driven by Malaysia's tourism upcycle.

Cash Flow and Balance Sheet: GSH generated operating cash inflow in 1H2025 (before working capital changes) thanks to the return to operating profit and some interest cost deferrals (interest on the convertible note accrues and may not be paid in cash until maturity). However, the group continued to invest in ongoing projects (notably early works for the Petaling Street Residence in KL) and servicing debt. Cash on hand as of 30 June 2025 was ~S\$60m, up from ~S\$47m at end-2024, partly boosted by the net proceeds of CP issuances in 1H. Gross debt was ~S\$680m, resulting in **net debt of ~S\$620m** and **shareholders' equity of ~S\$490m**, i.e. **net gearing ~1.3x** (130%). While leverage remains high, the successful refinancing actions (CP program, rights issue in late 2024, etc.) have pushed out near-term liquidity risk – no large bank loan is due imminently, and the convertible note's potential conversion could eliminate one major liability. **NAV per share** stood around 18 cents (book value largely unchanged in 1H25), comfortably above the share price (~16–17 cents). **Asset backing** thus remains strong, and management is intent on unlocking this value and **deleveraging the balance sheet** over the next 12–24 months.

Thesis Revisited – Catalysts to Unlock Value

We reiterate our positive investment thesis for GSH, with 1H2025 developments reinforcing our key points:

- **1. Hospitality Revival Driving Earnings:** GSH's strategic bet on hospitality assets is paying off as travel normalizes. Sutura Harbour's two 5-star hotels in Kota Kinabalu are benefitting from a regional tourism boom – tourist arrivals to Sabah jumped ~20% YoY in the cumulative first seven months of 2025 (Jan–Jul 2024 vs Jan–Jul 2025), and forward bookings into end-2025 are strong. The resort's unique positioning (city-resort with golf/marina) gives it pricing power and high occupancy in peak seasons. We expect hospitality EBITDA to continue rising in 2H2025 and 2026, bolstered by domestic tourism campaigns and potentially the return of

more Chinese tourists (China is lifting outbound travel gradually). In China, the Chongqing New World Hotel provides a new income stream; while China's economy is soft, domestic leisure travel is recovering and the hotel ramp-up has been encouraging (it won a "Best New Hotel" award in 2024). These trends affirm GSH's **hospitality-led earnings recovery** – a core pillar of our thesis – and support a return to profitability. Management noted that **Sabah's tourism has reached ~89% of pre-Covid levels** by mid-2025, indicating further room for growth into 2026. As hospitality contributes more recurrent cash flow, GSH's earnings base will broaden beyond one-off property sales.

- **2. Asset-Rich Portfolio at Deep Discount:** GSH's collection of prime assets in Malaysia and China remains undervalued by the market. The group's **Revalued Net Asset Value (RNAV) is estimated at ~S\$0.25 per share**, significantly above the current stock price. This RNAV includes conservative appraisals for the Sutera Harbour resort (~S\$500–550m valuation for hotels + development land), Coral Bay condos & The Point land (~S\$250m net), the Petaling Street project (~S\$100m value for GSH's 50% stake in the JV), and China assets (~S\$80m for the hotel and land plots), less net debt (~S\$620m). GSH's market cap (S\$330m) reflects **only ~0.64x our RNAV** – implying a 36% discount – which we view as unwarranted given the ongoing improvements. This discount provides a **margin of safety** for investors: even in a downside scenario, GSH's asset backing (prime land, hotels, condos) should limit permanent value loss. The insider ownership of ~64% by Dr. Sam Goi and ~5% each by Far East Org and Lippo Group underscores that knowledgeable investors see intrinsic value in these assets. As GSH executes asset sales or partnerships (e.g. selling a stake in Sutera or bringing in a co-developer for Petaling Street), latent value can be crystallized, narrowing the RNAV discount. We continue to see **GSH as an asset play** – a company with S\$1.24 billion in assets including trophy properties, trading at distressed valuations (~0.95x book, ~0.64x RNAV).
- **3. Committed Insider Backing & Financial Flexibility:** A standout aspect of GSH is the **deep commitment of its insiders**, providing stability and financial flexibility uncommon among small-cap developers. Dr. Sam Goi (Executive Chairman) not only injected equity via rights issues but also personally finances the company through debt – holding ~S\$68m of GSH's short-term notes and virtually the entire S\$75.8m convertible bond. Other directors (CEO Gilbert Ee with S\$10m in CPs, and COO Goi Kok Ming with S\$0.75m) have also bought into the company's paper. This **"all-in" insider support** strongly aligns their interests with shareholders and serves as an informal guarantee to external investors. When key insiders are willing to fund the company at ~5–6% interest, it signals confidence in GSH's **short-term solvency and long-term value**. It also provides GSH breathing room to choose strategic financing options (they can tap public markets selectively while insiders cover interim needs). Additionally, having Lippo and Far East Org as strategic shareholders opens doors for future JV collaborations or even a potential privatization attempt if the stock remains undervalued. We believe this sponsor support and network significantly mitigate financial risks and enhance GSH's capacity to weather industry cycles.
- **4. Development Pipeline & Catalysts:** GSH's pipeline includes one transformational project – the **Petaling Street Residence** in Kuala Lumpur (50%-owned JV). This 69-storey, 1,889-unit mixed-use tower in Chinatown KL is slated for launch potentially in late 2025 (market

conditions permitting). A successful sales launch (even selling 30–50% of units within the first year) could generate **substantial presales and cash inflows**, which would help fund construction and pare down debt. While the KL high-rise condo market is competitive, Petaling Street’s heritage location and scale (integrated with retail/hospitality) make it a unique offering that could tap pent-up demand for affordable city-center units. Apart from this, GSH has **monetization opportunities**: it could divest non-core assets (e.g. remaining land in Chongqing’s Yuhu project – ~2.9 million sq ft across two plots), or even consider selling a stake in the Sutera Harbour resort or listing it via a REIT/hospitality trust in the future. Such moves would **unlock immediate value** and reduce leverage, serving as catalysts for a stock re-rating. Management’s track record includes selling GSH Plaza in Singapore in 2017 for a one-off gain of S\$74.5m, showing willingness to recycle assets at the right price. We expect the next 12–18 months to offer multiple catalysts: Petaling Street launch, possible partial asset sales, and the debt conversion – each of which can drive sentiment and highlight the undervaluation.

- **5. Macro & Market Tailwinds:** The external environment is turning more favorable for GSH. Interest rates, while high, appear to have peaked in 2024–2025; any rate cuts in 2025–2026 would reduce GSH’s borrowing costs (about half of GSH’s debt is floating-rate MYR loans, which could see relief as Bank Negara has paused rate hikes). The Malaysian ringgit’s weakness is attracting regional tourists and foreign property buyers, indirectly benefiting GSH’s resort and upscale condo sales to foreigners (e.g. Singaporean buyers in Kota Kinabalu). In China, while the property sector is weak, government stimulus measures in 2H2025 aimed at supporting housing and consumer spending may gradually improve investor confidence (Chongqing’s local economy is still growing, which bodes well for hospitality demand). Importantly, Singapore’s market context is also supportive: the MAS’s Equity Market Development Programme (EQDP) – a **S\$5 billion fund initiative** (with the first S\$1.1b deployed in July 2025) – is gaining traction and could channel more investor attention and liquidity to overlooked small-caps like GSH. Indeed, Singapore’s small/mid-cap indices have rallied in recent months as institutional funds nibble at value stocks in anticipation of EQDP flows. GSH (up ~18% YTD) has likely been a beneficiary, and further upside could materialize as its **earnings profile improves and coverage increases**. Overall, the macro outlook – stable-to-improving tourism, peaking interest rates, and supportive capital market initiatives – underpins the positive thesis on GSH.

Valuation – RNAV Remains the Anchor

We continue to value GSH on a **Revalued Net Asset Value (RNAV)** basis, cross-checked with relative metrics. Given the company’s still-recovering earnings and high depreciation/interest burdens, traditional P/E or EV/EBITDA metrics remain less meaningful. Our sum-of-parts RNAV valuation

(detailed in our Initiation of Coverage dated 3 July 25 : <https://api2.sgx.com/sites/default/files/2025-07/GSH%20Corporation%20Limited%20-%20Initiation%20of%20Coverage%20-%20A%20Revaluation%20Story%20.pdf>)

is unchanged at **~S\$0.25 per share**. This was derived by marking GSH’s key assets to market and subtracting net debt, and it already incorporates cautious assumptions (e.g. valuing hotels at ~12× EBITDA, using cost for new projects, and modest surplus for China land). At the current share price (~S\$0.17), GSH trades at just **0.64× RNAV** – a **36% discount** – which we view as too steep in light of GSH’s improving prospects and insider support. Our **Target Price remains S\$0.20**, set at a 20% discount to RNAV (0.8× RNAV). This target multiple is still conservative, positioning GSH at a discount wider than pre-pandemic norms for developers, but reflective of its high debt and execution risks. An **RNAV-based approach** also aligns with how strategic/insider investors likely view the company (asset value minus liabilities).

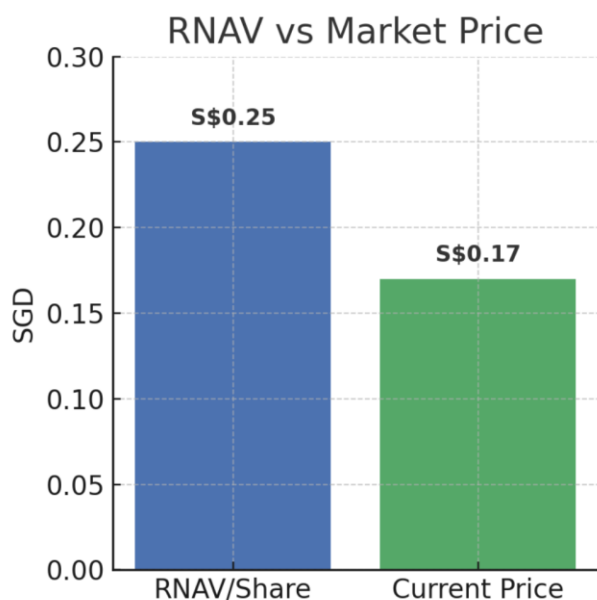


Figure 2: GSH’s stock trades at a significant discount to its underlying asset value. Our RNAV estimate is ~S\$0.25 per share, well above the current market price (S\$0.17), indicating ~32% upside merely to close the gap. We set our TP at S\$0.20 (an implied 20% RNAV discount) to balance upside with risk factors. Historically, small-cap developers trade at 30–50% RNAV discounts in cautious markets, so our TP assumes GSH can rerate to the tighter end of peer discounts as it delivers results.

Peer Benchmarks: Even after its recent rise, GSH’s valuation is inexpensive relative to peers. The stock’s **P/BV is ~0.95×** (near parity with book), which appears higher than certain developers (many SG/MY developers are at 0.4–0.7× book due to depressed sentiment). However, GSH’s book is largely marked-to-market post-revaluation and recent project completions, so **0.95× book does not fully reflect its hidden asset value**. On a price-to-RNAV basis, GSH (~0.64×) is actually **in line or cheaper than sector averages** (sector ~0.5× RNAV, i.e. 50% discount). For instance, blue-chip **City Developments** trades at ~30% of its RNAV (70% discount) amid investor caution, and highly geared small-cap **Oxley Holdings** is around 0.45× book (and an even larger RNAV discount). GSH’s **more moderate discount** likely reflects its better asset quality (income-producing hotels) and the market’s recognition of strong insider backing that reduces distress risk. We expect **GSH’s valuation gap to narrow** as debt levels come down and earnings normalize, potentially rerating the stock closer to ~0.8–0.9× RNAV (our TP assumes 0.8×). In terms of earnings multiples, any P/E comparison must acknowledge GSH’s earnings are at an inflection point: based on FY2025e EPS of 0.25¢, the stock looks expensive (~67×), but if earnings reach 0.6¢ by FY2026e, the forward P/E compresses to ~28× – and

the **PEG (P/E-to-growth)** ratio is <0.5 given the rapid EPS growth ($>100\%$ CAGR from 2024–26). **PEGY (including yield)** is not applicable now (no dividends yet), but we note that as GSH's earnings ramp up beyond 2025, the high P/E will swiftly normalize. For now, asset valuation is the clearest lens, and it indicates significant upside.

We also incorporate a **blended perspective**: applying a target multiple on stabilized earnings. If we assume GSH can earn ~S\$10–15m net profit by FY2027 (once Petaling Street contributes), and assign a $10\times$ P/E (appropriate for a mid-sized developer/hospitality mix), the implied equity value is S\$100–150m, which is *below* the current market cap – highlighting that near-term earnings alone don't justify the valuation. However, including asset value changes outlook: Realistically, any strategic transaction (asset sale or privatization) would be based on NAV, not current earnings. Thus, RNAV remains our primary valuation yardstick. As a sanity check, GSH's enterprise value (~S\$950m including debt) is roughly equal to our appraised gross asset value (~S\$980m), meaning the market is valuing the assets at or below conservative appraised levels. We find this position attractive given upside optionality (assets could fetch higher in a sale) and the ongoing turnaround. Our **S\$0.20 target** equates to **0.8x RNAV** and $\sim 1.1\times$ book – still at a discount to peers like Straits Trading ($\sim 0.46\times$ book) and other asset-rich plays. In our view, this is an achievable re-rating as GSH sheds its “loss-making” label and demonstrates tangible progress on deleveraging.

Risks & Challenges

While we remain positive, investors should note key risks:

- **High Leverage & Refinancing Risk:** GSH's net debt of ~S\$620m and D/E $> 150\%$ present a significant financial risk. The company must continually refinance maturing debt (including CP rollovers every 3–12 months) and service ~S\$30m annual interest. If credit markets tighten or insiders scale back support, GSH could face liquidity stress. The **CPs carry elevated coupons (up to 6%)**, indicating the market prices GSH as a higher-risk borrower. A deterioration in cash flow (e.g. slower sales, new travel disruptions) might make it difficult to meet obligations. Mitigant: GSH has proactively diversified funding (digital platforms, insider loans) and still has valuable unencumbered assets to raise secured loans if needed. Moreover, **insiders have demonstrated willingness to extend credit** and even convert to equity if necessary. The convertible bond's likely conversion will remove a large chunk of debt in one go. Nonetheless, **investors should monitor gearing closely** and expect any major deleveraging (below $1\times$ net gearing) to hinge on asset monetization events.
- **Execution Risk (Project & Operational):** GSH is a relatively small developer taking on large projects. **Petaling Street Residence (KL)**, with nearly 1,900 units, will test GSH's execution capabilities in planning, marketing, and project management. Delays, cost overruns, or poor sales in this mega-project could strain financials and hurt sentiment. In China, operating a luxury hotel remotely (New World Chongqing) is challenging – ramp-up could disappoint, or local competition could pressure rates. Additionally, GSH's other developments (e.g. The Point at Sutera Harbour, an upcoming mixed-use project) require careful phasing and capital management. Mitigants: GSH often partners with experienced developers (Petaling Street is

a 50:50 JV likely with a local partner) and hires reputable contractors. The company has a track record of completing past projects (Eaton Residences, Coral Bay, Yuhu Gardens) successfully. It also brought in seasoned management – e.g. a dedicated COO (Mr. Goi Kok Ming) – to strengthen execution oversight. Still, **execution missteps remain a key risk** given the scale relative to GSH's size.

- **Property Market & Tourism Cyclicalities:** GSH's fortunes are tied to the property and hospitality cycles in Malaysia and (to a lesser extent) China. **Malaysia property** – especially high-end condos in KL and resort homes in Sabah – can be cyclical and is influenced by broader economic conditions and policies (interest rates, foreign buyer regulations, etc.). A slowdown in Malaysia's economy or new cooling measures could dampen demand for GSH's projects. **China's property slump** is also a concern; while GSH has sold most units in Chongqing, any attempt to sell remaining land or future China projects might face weak pricing. On the hospitality side, a lot is riding on sustained tourism recovery. Risks like renewed travel restrictions (e.g. due to pandemics) or geopolitical events affecting travel sentiment (Sabah, near the South China Sea, could be impacted by regional tensions) exist. Mitigants: Sabah tourism has structural tailwinds (regional travel, eco-tourism) and government support (aggressive promotions, events) – even if growth moderates, a return to pre-Covid tourist numbers by 2026 seems likely. KL's property market has shown signs of picking up in 2023–2024 for well-located projects, and GSH can time its Petaling launch to favorable conditions (they have been patient, not launching in a weak market). The **asset diversification** (hospitality vs property, Malaysia vs China) provides some balance – a downturn in one segment may be offset by stability in another. Also, GSH's unsold inventories are mostly prime-located and limited in quantity, reducing holding risk (e.g. fewer than 150 unsold condos in Coral Bay, which can be leased in the interim). Nonetheless, **macro conditions and sector cycles** remain an ever-present risk to the thesis.
- **Foreign Exchange Risk:** GSH earns the majority of its revenue in **MYR and RMB**, but reports in SGD. A depreciation of MYR or RMB against SGD will reduce reported revenue, profit and NAV. The MYR has been weak (near multi-year lows in 2025), which while boosting tourism, does cut the SGD-equivalent of Sabah earnings. In 1H2025, the MYR averaged ~3.45 per SGD, ~5% weaker YoY, which likely shaved a few percentage points off GSH's reported revenue (in local currency terms, hospitality growth was higher). The RMB has also softened amid China's slowdown. **Translation losses** could therefore mask underlying operating gains. Additionally, currency moves affect the SGD value of overseas assets on the balance sheet. Mitigants: GSH naturally hedges to some extent by borrowing in local currencies (MYR loans for Malaysian assets, etc.), aligning costs with revenue. The company doesn't undertake complex hedging, but it monitors FX trends. A partial hedge is that a weaker MYR often correlates with stronger foreign demand for Malaysian assets (a cheaper entry price for foreign buyers). Still, a sharp currency depreciation would negatively impact reported financials and potentially widen GSH's RNAV discount.
- **Governance & Ownership Structure:** With Dr. Sam Goi controlling ~64% of shares and acting as Executive Chairman, **minority shareholders bear concentration risk**. Key decisions could be influenced by the majority owner, and there's theoretical risk of related-party transactions

or a take-private attempt at an unfair price. Moreover, the stock's free float (~36%) and low trading liquidity can make entry/exit tricky for larger investors. Mitigants: GSH's board has a majority of independent directors and separate Chairman/CEO roles, adhering to SGX governance best practices. There's no evidence of abusive related transactions – in fact, Sam Goi's dealings have been mostly *providing* capital (via bonds/CP) rather than extracting value. His incentives are aligned with share value creation (as both largest shareholder and creditor). Any privatization bid would likely require an independent valuation; given the clear RNAV, it would be hard to lowball (the **current steep discount actually protects minorities** – any offer would need to be nearer RNAV to succeed). The entry of institutional investors (Lippo, etc.) also provides additional oversight and likely negotiating clout in any potential corporate action. Overall, we take comfort in the governance standards in place and the insider's demonstrated commitment, but acknowledge the inherent risks of concentrated ownership and limited float.

Balance Sheet, Cash Flow & Dividends

Deleveraging in Focus: GSH's balance sheet strategy for 2025–2026 is anchored on reducing leverage and strengthening liquidity. The group has begun executing its deleveraging plan, with early steps underway (bond conversion, CP refinancing), though net gearing remains elevated. The company has several levers to pull:

(a) **Internal cash generation** – as profitability returns, operating cash flow should improve (already +S\$5.4m CFO before working capital in 1H2025). Completion of sold units at Coral Bay and Yuhu will convert receivables to cash.

(b) **Asset monetization** – management is exploring sales of non-core assets (e.g. one of the two remaining land parcels in Chongqing, or potentially a partial stake in the KL project) which could yield proceeds to pay down debt.

(c) **Equity conversion** – the convertible bond (S\$75.8m) is the low-hanging fruit; if fully converted to shares by its maturity (expected by end-2025), GSH's net debt would instantly drop ~12% and annual interest expense fall ~S\$4.5m. The dilution (~445m new shares, +22.6%) is a trade-off, but the bond is largely held by the majority owner, whose stake would simply translate from debt to equity (minorities' proportional ownership remains about the same). We view this conversion as highly likely given the SGX approval obtained and Dr. Goi's past actions (he increased his holdings of the note earlier, signalling willingness to take equity). (*refer to Table 1: Impact of Convertible Bond Conversion on Capital Structure below*)

(d) **Refinancing at lower rates** – as interest rates stabilize or decline, GSH may refinance some high-cost debt. For instance, some CP issuances were at 6%; if market conditions improve, new issues could price lower or be replaced by bank loans at <5%. GSH has unencumbered assets (e.g. KK land, KL land) that could secure cheaper facilities.

Table 1: Impact of Convertible Bond Conversion on Capital Structure

Metric	Current (as of Jun 2025)	Pro Forma (Full Conversion of S\$75.8m CBs)	Commentary
Shares Outstanding	~1.97 bn	~2.42 bn (+22.6%)	Dilution mainly to Dr. Sam Goi, so minority % ownership broadly unchanged.
Equity (Book Value)	~S\$491m	~S\$567m (+S\$76m)	Conversion boosts equity by removing liability.
Gross Debt	~S\$680m	~S\$604m (–S\$76m)	Convertible bonds extinguished as debt.
Net Debt	~S\$620m	~S\$544m	Cash unchanged; debt reduced.
Net Gearing (Net Debt/Equity)	~1.26x	~0.96x	Material deleveraging; gearing falls below 1x.
Annual Interest Expense	~S\$30m	~S\$25.5m (–S\$4.5m)	Savings from 6% coupon no longer payable.
RNAV/Share (est.)	~25¢	~23.5¢	Small dilution on RNAV/share, but absolute RNAV rises.

🔑 **Takeaway:** Full conversion reduces gearing meaningfully (from ~1.3x to <1x) and saves ~S\$4.5m in annual finance costs. The trade-off is ~22.6% share dilution, though insiders (Dr. Goi) are the main holders of the bonds, so minority ownership is not heavily diluted in practice.

The current CP program has been a double-edged sword: it provided much-needed short-term funding (total **CP issued to date** ~S\$92m across various series, by our tracking of SGX announcements), but it also means **constant roll-over risk** and high interest costs. Fortunately, insider participation has effectively backstopped the program – e.g. Dr. Goi rolled over S\$8m of CP that matured in Mar 2024, and subscribed to new series (he held S\$38m of a Mar 2025 CP, S\$25m of a Jun 2025 CP, etc.). This insider-dominated funding reduces default risk (insiders are unlikely to call a default on themselves) but is not a long-term solution. We expect GSH to gradually **trim CP reliance** as internal cash generation improves. Already, net CP outstanding has plateaued; new issues in 2Q–3Q2025 were partly to refinance maturing ones rather than add net debt. By 2026, if Petaling Street presales occur, GSH could retire a chunk of CP and rely on project financing which carries lower rates and longer tenors.

Working Capital & Liquidity: GSH's business requires substantial working capital (for construction, operations). As of mid-2025, inventories (unsold units, mainly Coral Bay) and contract assets (unbilled sales) totaled over S\$200m – these will convert to cash as sales complete. The current ratio is modest (~1.3x), but that's skewed by classifying the convertible note as short-term debt (while its conversion would eliminate the liability). We believe **liquidity is manageable**: the company has ~S\$60m cash, and ongoing resort and sales revenue should cover operating needs and interest in the near term. GSH's ability to **tap alternative funding** (digital bond platforms, etc.) is a plus in maintaining liquidity – for example, in Mar 2025 it raised **S\$57m via digital bond issuance** (underpinned by insiders), showing creativity in fund-raising. One risk is if project launches are delayed (e.g. Petaling Street not launched, meaning no presale deposits coming in) – that could tighten liquidity by late 2025 when the convertible is due. However, the likely conversion of the bond and insiders' track record of support provide confidence that **short-term liquidity crunches will be averted**. We also note that GSH's assets far exceed liabilities (assets S\$1.24bn vs liabilities S\$750m), so in a worst-case scenario, asset sales or a collateralized loan could raise cash to pay obligations. The key focus is executing the planned deleveraging moves to avoid perpetual reliance on expensive short-term debt.

Dividend Policy: GSH **did not declare an interim dividend**, and we do not expect any dividend for FY2025 given the company is just returning to profitability and retains accumulated losses. Historically, GSH has not paid dividends since its transformation into a property company (retaining earnings for growth). In our projections, **no dividend is assumed through FY2025**. However, as the company's fortunes improve, a token dividend could emerge by FY2026–27. In our bull-case scenario, we envisioned a small dividend (0.2–0.3¢) being initiated by FY2026 if net profit reaches ~S\$20m. Management has not committed to any payout, but given the high insider ownership, there is incentive to eventually resume dividends once debt is at a comfortable level. For now, **any excess cash will likely go towards debt reduction**. Investors seeking yield will need patience, but the priority of strengthening the balance sheet is, in our view, the correct strategy. A meaningful dividend is only likely when ROE improves and net gearing drops closer to 1× or below – perhaps beyond our forecast horizon. In summary, **no near-term yield** but the potential for capital gains as value is unlocked.

Conclusion & Recommendation

GSH's 1H2025 results affirm that the company is **on the mend**. The long-awaited hospitality upswing is materializing in stronger revenues and a return to operating profitability. Meanwhile, management and insiders are actively tackling the leverage overhang – through creative financing and likely debt-to-equity conversion – which sets the stage for a leaner, financially healthier GSH in the next 1–2 years. We maintain our **BUY** rating with a Target Price of **S\$0.20**, based on 0.8× RNAV (20% discount to asset value). This valuation is supported by the company's **substantial asset backing and narrowing losses**, and implies a ~19% upside from current levels.

At S\$0.168, GSH offers a unique combination of deep value and turnaround growth. Investors are essentially buying into a **S\$0.25+ per share asset base** (luxury resorts, prime land, condos) at a one-third discount, while getting exposure to a cyclical earnings rebound (from loss-making to ~S\$12m net profit by 2026e). Few SGX small-caps can claim such a strong alignment of interest with a billionaire backer who continues to increase his stake (directly and via debt). Of course, risks remain – high debt

and project execution – but these are well-flagged and, in our view, **manageable with the steps underway**. Barring unforeseen macro shocks, we expect GSH’s share price to appreciate toward our target as the company delivers on its plans. Upcoming catalysts like the Petaling Street project launch, further debt reduction, or any strategic corporate moves could accelerate the closing of the valuation gap. Investors with a 12–24 month horizon and tolerance for moderate volatility should find the **risk-reward profile attractive**, as GSH transitions from recovery to growth mode. In summary, **GSH Corp remains a conviction BUY** for exposure to Southeast Asian real estate and hospitality recovery, backed by an asset-rich balance sheet and high insider commitment.

Appendices

Appendix A: 1H FY2025 Financial Statements (Statement of Income)

A. CONDENSED INTERIM CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

		The Group		
		1st Half Ended		
	Note	30.06.2025 Unaudited S\$'000	30.06.2024 Unaudited S\$'000	+/- %
Revenue	4	66,963	65,583	2%
Cost of Sales		(37,875)	(38,543)	(2%)
Gross profit		29,088	27,040	8%
Other net income		1,026	973	5%
Selling and marketing expenses		(1,521)	(1,593)	(5%)
Administrative expenses		(18,110)	(16,971)	7%
Net impairment losses on financial assets		854	189	>100%
Results from operating activities		11,337	9,638	18%
Finance income		224	535	(58%)
Finance expenses		(15,419)	(15,970)	(3%)
Net finance costs	8	(15,195)	(15,435)	(2%)
Loss before tax	6	(3,858)	(5,797)	(33%)
Tax expenses	7	(2,042)	(2,489)	(18%)
Loss for the period		(5,900)	(8,286)	(29%)
Loss attributable to:				
Owners of the Company		(4,850)	(6,952)	(30%)
Non-controlling interests		(1,050)	(1,334)	(21%)
Loss for the period		(5,900)	(8,286)	(29%)
Other comprehensive (loss)/income, net of tax:				
<i>Items that are or may be reclassified subsequently to profit or loss:</i>				
Exchange differences on monetary items forming part of net investments in foreign subsidiaries		(1,409)	115	Nm
Foreign currency translation differences arising from consolidation		(6,593)	300	Nm
		(8,002)	415	Nm
<i>Items that will not be reclassified to profit or loss:</i>				
Foreign currency translation differences arising from consolidation		(4,707)	(64)	>100%
Other comprehensive (loss)/income, net of tax		(12,709)	351	Nm
Total comprehensive loss for the period		(18,609)	(7,935)	>100%
Attributable to:				
Owners of the Company		(12,852)	(6,537)	97%
Non-controlling interests		(5,757)	(1,398)	>100%
		(18,609)	(7,935)	>100%

Nm - Not meaningful

Readers who wish to review the explanatory Notes corresponding to the numerical annotations in the financial statements may access GSH's complete financial reports on its Investor Relations website (<http://www.gshcorporation.com/pdf/FR/1H2025/GSH%20-%201H2025%20Announcement%20Results.pdf>)

Appendix B: 1H FY2025 Financial Statements (Statement of Financial Position)

B. CONDENSED INTERIM STATEMENTS OF FINANCIAL POSITION

	Note	Group		Company	
		30.06.2025 Unaudited S\$'000	31.12.2024 Audited S\$'000	30.06.2025 Unaudited S\$'000	31.12.2024 Audited S\$'000
ASSETS					
Property, plant and equipment	9	567,370	581,681	35,738	36,014
Investment property	10	-	5,360	-	-
Subsidiaries		-	-	40,171	40,171
Deferred tax assets		540	540	540	540
Non-current assets		567,910	587,581	76,449	76,725
Development properties	11	543,868	577,998	-	-
Contract costs		-	2,104	-	-
Contract assets		3,288	3,401	-	-
Inventories	12	788	880	-	-
Trade and other receivables	13	39,835	41,296	341	327
Amounts due from related parties		626	630	599,588	619,418
Tax recoverables		764	436	-	-
Time deposits		1,167	1,146	-	-
Cash and cash equivalents		22,234	26,209	2,504	2,277
Current assets		612,570	654,100	602,433	622,022
Total assets		1,180,480	1,241,681	678,882	698,747
EQUITY					
Share capital	14	345,897	345,897	345,897	345,897
Treasury shares		(5,580)	(5,580)	(5,580)	(5,580)
Reserves		(5,107)	7,027	8,029	8,029
Accumulated profits/(losses)		6,035	6,753	(96,627)	(84,416)
Equity attributable to owners of the Company		341,245	354,097	251,719	263,930
Non-controlling interests		129,239	137,045	-	-
Total equity		470,484	491,142	251,719	263,930
LIABILITIES					
Provisions	15	355	358	-	-
Contract liabilities		1,871	1,885	-	-
Loans and borrowings	16	214,490	209,839	106,630	107,539
Deferred tax liabilities		69,876	70,020	1,500	1,548
Non-current liabilities		286,592	282,102	108,130	109,087
Trade and other liabilities	15	84,674	115,278	3,304	5,427
Contract liabilities		10,631	13,788	284	878
Amounts due to related parties		34,709	34,958	31,581	27,717
Derivative financial liabilities		786	3,475	786	1,833
Loans and borrowings	16	289,872	297,659	283,078	289,875
Current tax liabilities		2,732	3,279	-	-
Current liabilities		423,404	468,437	319,033	325,730
Total liabilities		709,996	750,539	427,163	434,817
Total equity and liabilities		1,180,480	1,241,681	678,882	698,747

Appendix C – Financial Forecasts (Base Case)

(S\$ '000)	FY2024A	FY2025E	FY2026E
Revenue	125,161	130,000	150,000
YoY Growth	+23.2%	+3.9%	+15.4%
Operating Profit	5,100 (<i>est</i>)	15,000	25,000
OP Margin	4.1% (<i>est</i>)	11.5%	16.7%
Net Profit (PATMI)	-9,800	5,000	12,000
Net Margin	-7.8%	3.8%	8.0%
EPS (SGD cents)	-0.50¢	0.25¢	0.60¢
Book Value/Share	17.9¢	18.2¢	19.0¢
RNAV/Share (est.)	~25.0¢	~25.0¢	~26.5¢
Net Gearing	1.4×	1.3×	1.1×
Dividends per Share	0.00¢	0.00¢	0.00¢ (<i>nil</i>)

Notes: FY2024A figures are actual or estimates derived from company data (FY2024 was a loss-making year). FY2025E and FY2026E are Tickrs base-case projections, which assume moderate recovery in hospitality and the launch of Petaling Street in late 2025 (with minimal contribution in FY25 and more in FY26). No dividends assumed through 2026. RNAV per share might rise by FY2026 as debt is repaid (indicative 26.5¢ shown). Net gearing improves as equity grows and debt falls.

Appendix D – Peer Valuation Snapshot (for reference)

- **City Developments (SGX: C09)** – Trades at ~0.5× P/B and ~30% of RNAV (70% discount) in current market. Implied RNAV discount is deeper than GSH's, reflecting CDL's large development exposure and investor caution, but CDL's scale and liquidity are much higher.
- **Oxley Holdings (SGX: 5UX)** – Trades at ~0.45× P/B; high debt load has led to a distressed valuation. RNAV discount estimated >60%. Oxley's situation shows how high gearing can severely compress multiples, something GSH is actively trying to avoid by deleveraging.
- **Straits Trading (SGX: S20)** – An asset-rich conglomerate (property, hospitality, resources) trading ~0.46× book with a ~50–60% SOP discount. Demonstrates that even mid-cap asset

owners face large discounts, but also that active asset recycling (as STC does) can catalyze re-rating.

- **Hotel Properties (SGX: H15)** – Trades $\sim 0.6\times$ book, profitable hotel owner/developer. Highlights that hospitality assets in listed entities are often undervalued relative to private market, similar to GSH's case with Sutera Harbour.

Sources: Company filings, analyst reports, and market data. RNAV discounts for peers are based on analyst estimates and market prices as of Sep 2025. GSH's valuation ($0.64\times$ RNAV) is within the peer range, but we argue its improving earnings and insider support warrant a relative premium over highly distressed peers.

Analyst Certification and Disclaimer

Analyst Certification: I, Jaimes Chao, hereby certify that the views expressed in this report accurately reflect my personal opinions about GSH Corporation Ltd and its securities. I also certify that no part of my compensation was, is, or will be directly or indirectly related to the specific recommendations or views contained in this report.

Disclaimer:

This report has been prepared by Tickrs Financial Singapore Pte Ltd (“TFS”), a licensed capital markets services holder and an exempt financial advisor in Singapore. It is provided for informational purposes only and does not constitute an offer, invitation, or solicitation to buy or sell any securities, investments, or financial instruments.

The information, opinions, and estimates contained herein are based on publicly available sources (including company filings, SGX announcements, financial statements, and reputable news providers) believed to be reliable, but TFS makes no representation or warranty as to the accuracy, completeness, or timeliness of such information. Any forward-looking statements are based on certain assumptions and are subject to risks and uncertainties that could cause actual results to differ materially. There is no assurance that any forward-looking statements will materialize. Past performance is not indicative of future results.

TFS and its affiliates, and each of their respective directors, officers, employees, connected parties, associates and agents (“Representatives”), shall not be liable for any direct, indirect or consequential losses, loss of profits and/or damages arising from the use or reliance upon this report. The views expressed reflect the personal opinions of the analyst(s) and do not necessarily represent those of TFS or its Representatives.

This report does not take into account the specific investment objectives, financial situation, risk profile, or needs of any person who may receive or read it. Readers should independently evaluate the information herein and seek advice from a licensed investment adviser regarding the appropriateness of any securities, instruments, or strategies mentioned.

Conflict of Interest Disclosure:

The analyst(s) responsible for this report certify that they have not received and will not receive direct compensation in exchange for any specific recommendation. As of the date of this publication, TFS, its directors, officers, and research staff do not have any proprietary financial interest in GSH Corporation Ltd or its securities. TFS has not received any investment banking fees from GSH Corporation Ltd in the past 12 months, and no part of TFS’s compensation is tied to the specific recommendations in this report.

Risk Disclosure:

Investing in equities, especially small- and mid-cap stocks, involves risk, including the risk of loss of principal. Investors should consider their own objectives and risk tolerance before making any investment decisions.

Copyright:

© 2025 Tickrs Financial Singapore Pte Ltd. All rights reserved. This report is confidential and may not be reproduced, redistributed, or published in whole or in part without the prior written consent of TFS.