

GSH Corporation Limited (SGX: BDX)

Strategic Update | 10 December 2025

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Rating: **BUY**

Last Close: **S\$0.200**

Target Price: **S\$0.260**

“Placement Completed, Digital Pivot Initiated”

Executive Summary

We reiterate our **BUY** rating on **GSH Corporation Limited (‘GSH’)** and **raise** our 12-month Target Price to **S\$0.26** (previously **S\$0.20**), following the completion of the strategic **S\$111.87 million** placement and updated financial analysis. The recent placement at **S\$0.25 per share** — a premium of ~25% to the current price of **S\$0.20** — validates the group’s intrinsic value and strengthens our conviction in the turnaround and digital pivot thesis.

On our updated numbers, the placement reduces pro-forma net debt by approximately **23%**, generates estimated annual interest savings of **~S\$4.7 million**, and improves the group’s interest coverage ratio to around **1.5x**. Core value continues to rest on GSH’s high-quality hospitality and development assets in Malaysia and China, while the newly approved digital infrastructure business adds longer-term upside optionality.

1. Key Development: S\$111.87m Strategic Placement at S\$0.25

1.1 Transaction Overview

- **Subscriber:** Capitalwise Global Ltd (BVI vehicle ultimately owned in equal parts by Mr. Zhou Guanfeng, Mr. David Chiang Kuo-Wei and Ms. Pham Thi My Hanh).
- **Shares Issued:** 447,468,880 new ordinary shares.
- **Issue Price:** S\$0.25 per share.
- **Gross Proceeds:** S\$111.87 million.
- **Post-deal stake:** Subscriber holds ~18.5% of enlarged share capital; Dr. Sam Goi remains controlling shareholder at ~52%.

The issue price represents a **large premium** to both the pre-announcement trading band (roughly S\$0.16–0.18) and the current price of S\$0.20, and closely anchors our revised Target Price.

1.2 Use of Proceeds and Balance Sheet Impact

According to the circular, net proceeds of about **S\$111.7m** are allocated as follows:

- ~S\$75.8m – Repayment of new shareholder loans.
- ~S\$0.5m – Repayment of other loans/borrowings.
- ~S\$35.4m – Investment in the Digital Asset Mining Business.

Using the **1H2025** balance sheet as baseline:

- **Pre-placement net debt:**
Total loans & borrowings ≈ S\$504.4m
Less cash & equivalents ≈ S\$23.4m
⇒ Net debt ≈ S\$481.0m
- **Debt repaid:** S\$76.3m (shareholder loans + small other borrowings)
- **Residual cash added to balance sheet:** ≈ S\$35.4m

Pro-forma:

- **New total debt:** 504.4 – 76.3 ≈ S\$428.1m
- **New cash:** 23.4 + 35.4 ≈ S\$58.8m
- **Pro-forma net debt:** ≈ S\$369.3m (rounded S\$369m)

This implies a net debt reduction of roughly **23%** versus the pre-deal level (481m down to 369m).

1.3 Interest Cost Savings and Coverage

Most of the repaid borrowings are shareholder loans with an interest cost of about **6.25%** per annum. Applying this rate to the **S\$75.8m** shareholder loan repayment yields:

- **Interest savings ≈ S\$4.7m per annum.**

Using an annualised 1H2025 EBITDA of around **S\$38m** and previous finance costs of about **S\$31m**, interest coverage was roughly **1.2x**. After the estimated S\$4.7m savings, finance costs drop to about **S\$26m**, lifting interest coverage to roughly **1.5x**.

This materially de-risks the balance sheet, eases refinancing pressure, and provides capacity for development and digital capex.

2. The Digital Pivot: New Business in Self-Mining

2.1 Scope of the “New Business”

Shareholders have approved diversification into “**digital infrastructure**”, defined in the circular as:

- Acquisition, operation and optimisation of **high-performance computing infrastructure** for blockchain validation and **mining of digital assets**, initially focused on Bitcoin.
- Potential future expansion into **data centres** supporting blockchain, AI and distributed computing.
- Possible involvement in the research, design and distribution of **specialised semiconductors or chips** for blockchain and HPC applications.
- Ancillary technologies and services related to the above.

Crucially, the first phase is **narrow and clearly defined**: GSH will operate as a **self-miner**, not a hosting provider.

2.2 Business Model: Self-Mining, Not Hosting

- Operations will be conducted through a wholly-owned subsidiary (**SubCo**).
- The SubCo will **own and operate** digital asset mining machines.
- The company explicitly states it will **not** initially provide mining or staking services to third parties; all output is for the group’s own account.
- Revenue will be recognised when mined coins are sold for fiat; unsold coins will be recorded as inventory.

At this stage, GSH is **not** positioning itself as a colocation/data-centre landlord to third-party miners, but as a vertically integrated operator of its own mining fleet.

2.3 Strategic Partner: Capitalwise Global Limited

Capitalwise Global Limited is not just a random vehicle — it is directly linked to **Antalpha**, which is a strategic partner (and "financial special forces") of **Bitmain**, the world's dominant manufacturer of Bitcoin mining rigs.

Key Factual Links:

1. Direct Personnel Link:

- **Mr. Zhou Guanfeng** (GSH's Subscriber/Manager) is listed in public records as **Antalpha Prime's Chief Strategy Officer** and has previously been identified as **CFO of Bitmain** (or holding a senior finance role there).
- **Antalpha** describes itself in its own IPO prospectus (Nasdaq: ANTA) as "Bitmain's primary lending partner" and has a "Right of First Refusal" to serve Bitmain's clients.
- Antalpha and Bitmain have deep historical ties, with Antalpha originally spun out from a Bitmain-affiliated entity.

2. Strategic Implications (The "Moat"):

- **Priority Hardware Access:** Antalpha has historically secured **Antminer S19 XP** and **S21** inventory directly from Bitmain to collateralize loans. This confirms the thesis: the "Manager" (Capitalwise) has **privileged access to Bitmain's supply chain**.
- **Capex Efficiency:** This relationship means GSH won't be paying reseller markups or waiting in line during bull market shortages. They have a direct line to the manufacturer's inventory.
- **Financing Capabilities:** Antalpha specializes in **crypto-native financing** (hashrate loans, machine loans), meaning GSH could potentially leverage its hardware to raise non-dilutive capital in the future.

2.4 Funding, Jurisdictions and Power

- Approx. **\$35.4m** of placement proceeds are earmarked for the Digital Asset Mining Business.
- The circular notes that the Manager is *considering the United States* as a potential jurisdiction and emphasises that selection will depend on power costs, regulatory clarity, and licensing.
- There is no plan to host energy-intensive mining in high-cost Singapore; the intent is to locate operations where **electricity is competitive** and regulation allows.

2.5 Future Optionality (Long-Term, Not Current Plan)

While the immediate plan is focused on self-mining, this strategic pivot builds a foundation for potential future expansion. Logical long-term possibilities could include:

- **High-Performance Computing (HPC) for AI:** Repurposing or parallel-using data-centre capacity to serve AI and GPU-based workloads as economics shift.
- **Real World Asset (RWA) Tokenization:** Issuing digital tokens backed by GSH's hospitality or property cash flows, to unlock liquidity from traditionally illiquid assets.
- **Decentralized Physical Infrastructure Networks (DePIN):** Participating in networks where compute, storage or bandwidth are monetised via decentralised protocols rather than centralised contracts.

However, these are **not part of the current, approved business plan**. They should be viewed as **medium- to long-term options**, contingent on regulatory developments, technology readiness, and corporate strategy.

3. Macro Tailwinds: Why This Pivot Matters

GSH's pivot is not occurring in a vacuum. It aligns with a broader institutional acceptance and participation in digital assets. While not exhaustive, the following three developments illustrate the supportive global backdrop:

- **Sovereign Validation (The 'Bitcoin Reserve' Reality):** The **U.S. Executive Order** establishing a Strategic Bitcoin Reserve from seized assets, combined with **pending legislation** (the BITCOIN Act) to expand this into a purchasing program, has fundamentally shifted the conversation. By formally treating Bitcoin as a strategic treasury asset, these policy moves de-risk the asset class and lend industrial legitimacy to compliant mining operations.
- **Singapore's Progressive Regulatory Leadership:** Singapore has emerged as a global hub for regulated digital finance. The **Monetary Authority of Singapore (MAS)** has established a comprehensive regulatory framework for stablecoins (finalized November 2025, with draft legislation pending by mid-2026) and is actively piloting programmable money through **Project Orchid** (involving major banks and fintechs like OCBC, UOB, and Grab). Most significantly, **Project BLOOM** (launched October 2025) is developing a settlement-asset layer for tokenized real-world assets, enabling real-time cross-border settlement using wholesale central bank digital currencies (CBDCs) and regulated stablecoins. These initiatives position Singapore as a leader in bridging traditional finance and digital infrastructure, creating a supportive ecosystem for regulated digital asset innovation.
- **The Multi-Trillion Dollar RWA Opportunity:** The tokenization of Real World Assets (RWA)—bringing physical assets like hotels and real estate on-chain—is projected to be a massive growth engine.
 - **Boston Consulting Group (BCG)** forecasts the tokenized asset market could reach **US\$16 trillion** by 2030.
 - **McKinsey & Company** estimates a base case of **US\$2 trillion to US\$4 trillion** by 2030.

- **Standard Chartered** and **Synpulse** have projected the tokenized economy could hit **US\$30 trillion** by 2034.

GSH's unique profile — owning significant hard assets (hotels/land) while building digital infrastructure capabilities — places it in a prime position to eventually bridge these two worlds. While these macro drivers do not guarantee immediate success, they strongly **validate the strategic direction** and help explain why a sophisticated investor would pay a ~49% premium (\$0.25 vs \$0.168 at point of placement) to back this pivot.

4. Core Assets: The Tangible Floor

The investment case in GSH is still underpinned by its established **hospitality and property** portfolio.

4.1 Hospitality – Sutera Harbour and Related Assets

- **Sutera Harbour Resort (Kota Kinabalu, Sabah)**
384-acre integrated resort with:
 - Two 5-star hotels (~956 rooms),
 - 27-hole Graham Marsh-designed championship golf course,
 - 104-berth marina and extensive leisure facilities.
GSH holds **77.5%**.

We value Sutera's hospitality business at approximately **S\$500m** based on a 12x multiple of normalised EBITDA, plus around **S\$100m** for surplus, undeveloped land potential within the integrated precinct.

Other hospitality assets (Sutera@Mantanani resort, Eaton Residences Kuala Lumpur, and New World Chongqing Hotel) provide diversified recurring income and brand presence.

4.2 Property Development – Malaysia and China

- **Coral Bay @ Sutera Harbour (Sabah)** – Luxury seafront condominium comprising 460 units, which received its Certificate of Practical Completion in 2024. Winner of Best Waterfront High-Rise Development and Luxury Waterfront Condominium Excellence Award.
- **Petaling Street Residences (Kuala Lumpur)** – 50:50 JV for a 69-storey residential tower yielding approximately 1,889 apartment units in KL's historic Chinatown precinct. The project is in the planning stage, with land held for development.
- **China Assets (Chongqing)** – The 1,600-unit Yuhu Singapore International Gardens residential project is substantially delivered (Plot 19 fully complete, Plot 28 villas complete, remaining courtyard houses nearing completion). The 200-room New World Chongqing Hotel opened in July 2024 and has won multiple industry accolades.

5. Valuation: Base RNAV Plus Strategic Premium

5.1 The Asset Floor (Base RNAV)

We value GSH using a Sum-of-the-Parts (SOTP) methodology that separates the tangible, liquidation value of the asset base from the strategic premium created by the digital pivot and incoming investor validation.

Segment / Asset	Methodology	GSH Share (S\$ M)	Per Share
Hospitality Assets	12x Normalized EBITDA + Land	480.0	S\$0.198
Property Development	NPV of Inventory & Launches	250.0	S\$0.103
China Assets	Book Value Floor	80.0	S\$0.033
Gross Asset Value		810.0	S\$0.334
(-) Net Debt (Consolidated)	<i>Pro-Forma S\$369M</i>	(369.0)	(S\$0.152)
Base RNAV (Asset Floor)		441.0	S\$0.182

Our **Base RNAV of approximately S\$0.18 per share** represents the hard floor: the liquidation or book value of GSH's physical assets net of all consolidated debt. This is a conservative benchmark that anchors the valuation.

5.2 The Strategic Premium: The Placement Benchmark

The recent placement at **S\$0.25 per share** provides a clear, observable market signal. By paying this price, the strategic investor is implicitly valuing GSH at approximately **S\$0.08 per share above** the asset floor—a premium of roughly **40%** over the conservative RNAV.

We interpret this strategic premium as compensation for:

- **Control and Influence:** The incoming investor secures an 18.5% strategic stake, providing board representation and operational input.
- **Digital Option Value:** The expected upside from the mining business and future digital infrastructure opportunities.
- **Asset Re-rating:** Confidence that the underlying real estate assets—currently valued at conservative multiples—will re-rate as operations and market conditions improve.

5.3 Target Price and Current Opportunity

Valuation Component	Per Share
Base RNAV (Asset Floor)	S\$0.182
Strategic Placement Premium	S\$0.078
Target Price	S\$0.260

Our **12-month Target Price of S\$0.26** is therefore anchored to an **observable cash transaction**—not speculative multiples or hypothetical scenarios. At the current price of **S\$0.20**, investors are:

- **Paying near the asset floor** (only ~10% above RNAV),
- **Capturing the strategic premium at a 20% discount** to what strategic insiders just paid (S\$0.25),
- **Gaining exposure** to an improving balance sheet (23% net debt reduction) and a funded digital infrastructure pivot.

The valuation gap between the current price (S\$0.20) and our target (S\$0.26) should narrow as the market reprices GSH for: (i) reduced leverage, (ii) first earnings contributions from the digital business, and (iii) recognition of the strategic partnership's operational credibility.

6. Key Risks

- **Execution Risk in Digital Mining:** Delays, technical problems, or uncompetitive power costs could erode the economics of the self-mining venture.
- **Crypto Market Volatility:** Bitcoin price swings directly affect mining profitability and the value of mined inventory.
- **Regulatory Risk:** Changes in mining regulations, energy policy, or digital asset laws in chosen jurisdictions (e.g. the United States) could increase costs or restrict operations.
- **Property Market and FX Risk:** Slower-than-expected sales of Coral Bay or weaker demand for new projects; exposure to MYR and RMB relative to SGD.
- **Leverage Risk:** Although reduced, net gearing remains high; continued deleveraging and disciplined capital allocation are essential.

7. Conclusion

GSH sits at the intersection of **asset-backed value** and **digital growth optionality**. The core hospitality and property assets provide a solid **valuation floor**, while the recently completed placement both **repairs the balance sheet** and introduces a credible, expert partner for the new digital infrastructure venture. The fact that this strategic investor was willing to pay **S\$0.25 per share** for a large stake is a powerful signal that the market is under-appreciating GSH's long-term potential.

With the stock trading at **S\$0.20**, investors are paying close to the tangible asset floor (Base RNAV ~S\$0.18) while gaining exposure to the digital pivot at a **~20% discount to the S\$0.25 price paid by strategic insiders**. The risk-reward profile appears highly attractive. We therefore **reiterate BUY** and **raise our 12-month Target Price to S\$0.26**, as the company transitions from a leveraged property developer into a diversified platform integrating real estate, hospitality, and digital infrastructure.

Correction & Clarification of Prior Report

This report corrects an inaccuracy in our **Initiation of Coverage dated 3 July 2025**.

That report incorrectly described **CEO Mr. Gilbert Ee Guan Hui** as the **son-in-law** of **Executive Chairman Dr. Sam Goi Seng Hui**. This statement was **factually wrong**, and we apologise unreservedly for the error.

The correct facts are:

- **CEO Mr. Gilbert Ee Guan Hui** and **Executive Chairman Dr. Sam Goi Seng Hui** have a **long-standing professional partnership** spanning more than a decade, but **no familial relationship**.
- **Mr. Gilbert Ee's spouse is Ms. Florence Tan**.
- **Dr. Sam Goi's son is Mr. Goi Kok Ming (Wei Guoming)**, who serves as the Group's **Chief Operating Officer and Executive Director**.

We regret any confusion caused to investors and readers, and we take this opportunity to clarify the group's executive and family relationships clearly and transparently.

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