

GSH CORPORATION LIMITED Annual General Meeting

26 April 2021



Agenda

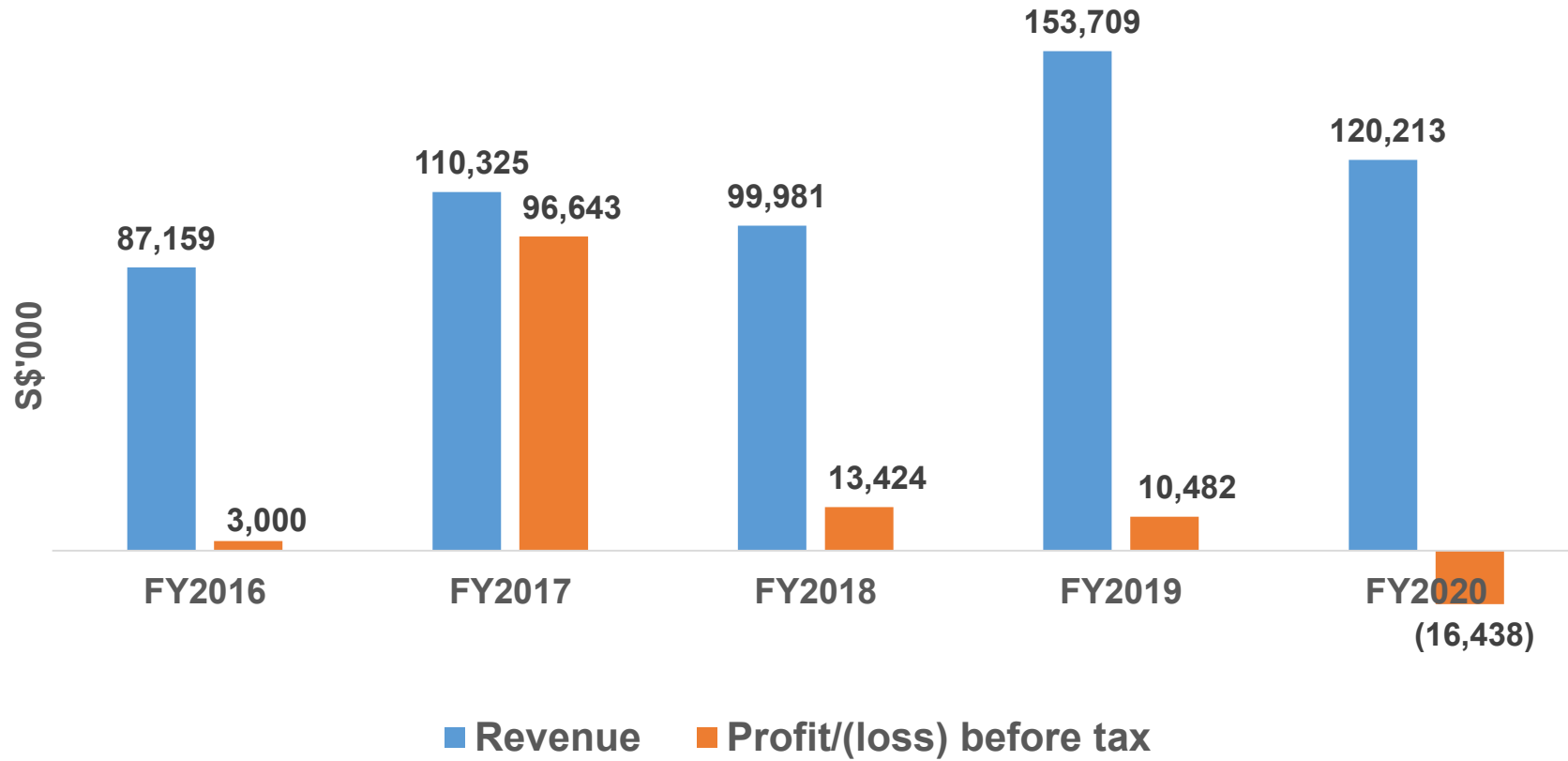
- FINANCIAL HIGHLIGHTS FOR FY2020
- RENEWAL OF SHARE BUY-BACK MANDATE

FINANCIAL HIGHLIGHTS FOR FY2020



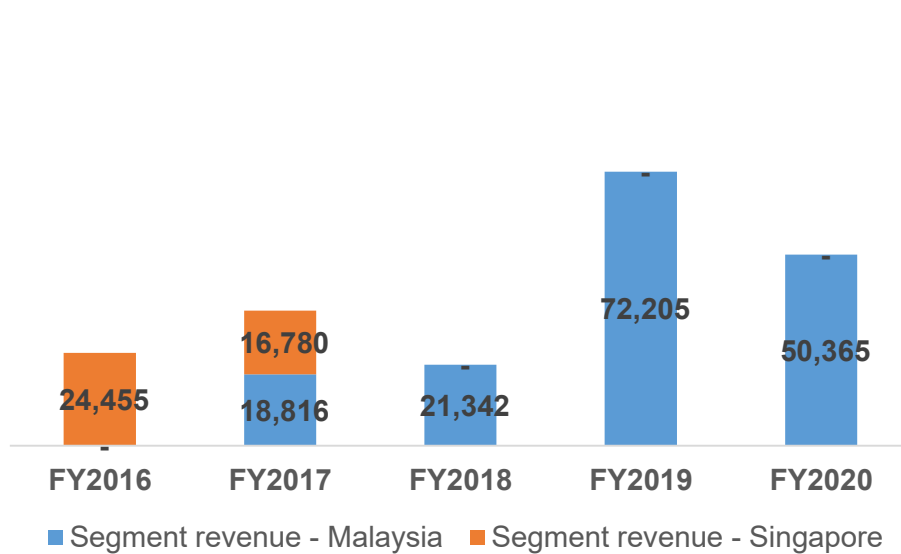
Financial Highlights

Overall Performance

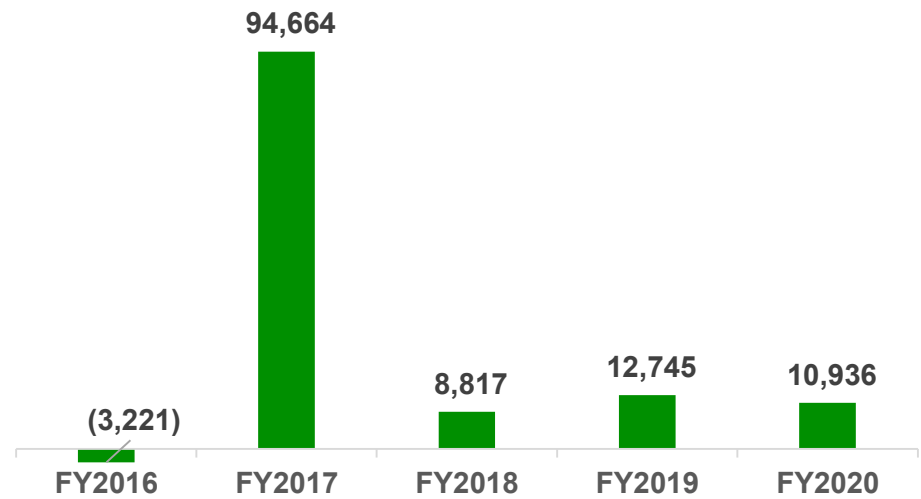


Property Business

Revenue

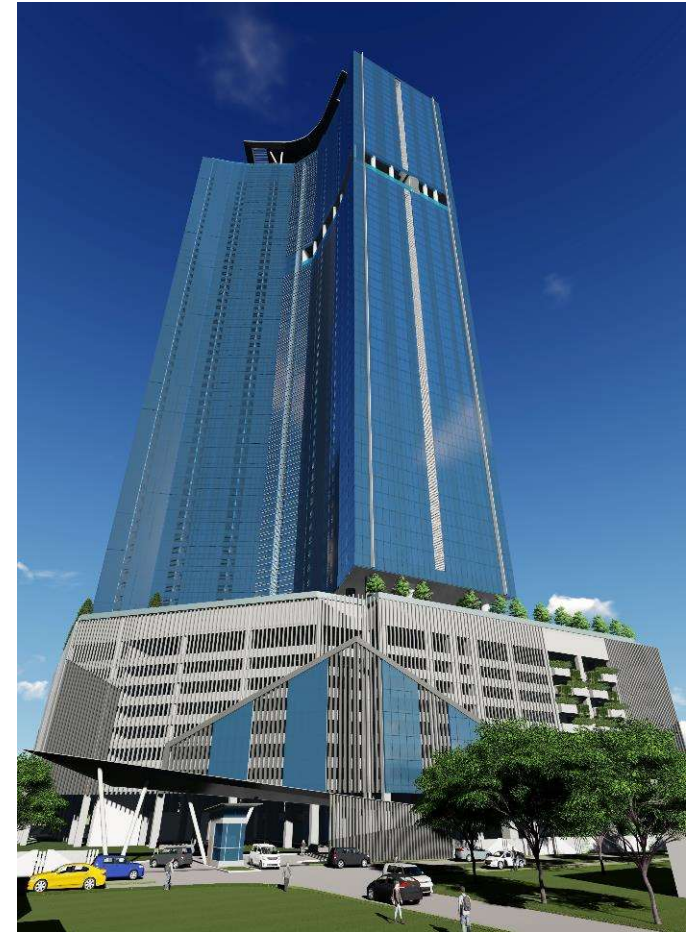


Profit/(loss) Before Tax



Property Business

- 30% dip in FY2020 revenue to S\$50.4 million, while profit before tax slid 14% to S\$10.9 million.
- Attributed to slower progressive recognition of sales from the Group's Eaton Residences and Coral Bay projects in Malaysia
- Construction progress was affected by the measures taken by the Malaysian government's Covid-19 MCO measures during the year.
- When construction activities were subsequently allowed to resume, requirements such as testing, isolation and safe distancing, also affected the progress of construction.



Hospitality Business

S\$'000	FY2017	FY2018	FY2019	FY2020
Revenue	74,729	78,639	77,387	22,674
PBT/(LBT)	17,592	19,213	16,198	(10,930)

- Segment revenue dipped 71% to S\$22.7 million, posting a loss before tax of S\$10.9 million.
- Its two hotels in Sutera Harbour Resort and the island resort of Sutera @ Mantanani, in Sabah, was off to a strong start in January 2020 when they achieved a 16% increase in unaudited revenue to S\$7.9 million. (January 2019: S\$6.8 million).



Hospitality Business Performance

- However, the spread of the COVID-19 outbreak in China and South Korea, sparked a suspension of all Chinese and Korean flights and visitors to Sabah, on 30 January 2020 and 1 March 2020, respectively. Prior to the suspension, China and South Korea were the two largest contributors to international arrivals to Sabah, and a major source of business for our hospitality business.
- As the Covid-19 pandemic further worsened in Malaysia, the Malaysian Government announced a Movement Control Order (“MCO”) to minimise the spread of the virus, which came into effect on 18 March 2020 and has since been extended until 12 May 2020.
- With the international border remained close, the Group’s resorts focused on the domestic business and this was dependent on varying restrictions or relaxation measures, taken by the Malaysian government to control the spread of Covid-19.
- Cost reduction initiatives have been implemented, and overheads are partially mitigated by the various support measures from the Malaysian Government.

Trading Business

S\$'000	FY2019	FY2020
Revenue	4,117	47,174
PBT	70	2,372

- In FY2020, the segment reported an 11-fold jump in full-year revenue to S\$47.2 million and profit before tax of S\$2.4 million.
- The Group commenced its frozen foods supply chain trading business in Qingdao, China, in the second half of FY2019.
- The trading business provides a one-stop, fully integrated frozen foods supply chain, ranging from purchasing, logistics, to financing, through 5 major ports in China, namely, Qingdao, Tianjin, Dalian, Shanghai and Yantian.



Recent Awards & Achievements

	Description of award	Recipient(s)
March 2021	Innovative Developer Award 2019/2020 (Skypool for Eaton Residences)	GSH Corporation Limited
January 2020	Asean Mice Venue Standard (Category: Meeting Room) 2020/2022	Sutera Harbour Resort
December 2019	Most Recommended Award (2019 C-Trip Hotel Guide/Trip.Com)	The Magellan Sutera Resort The Pacific Sutera Hotel
November 2019	Excellence in Hotel Service 5-Star (Sabah Tourism Awards 2019)	The Magellan Sutera Resort
November 2019	Best Dining Experience (Hotel/Resort) Sabah Tourism Awards 2019	Ferdinand's Restaurant The Magellan Sutera Resort
October 2019	Top Service Quality Award (Trip.com Awards Night)	The Magellan Sutera Resort
August 2019	Asia Pacific Tourism & Travel Federation Annual Awards 2019 The Best Luxury Family Retreat Resort Award The Best Family Retreat Destination Award The Best Golf Resort in Malaysia	The Magellan Sutera Resort The Pacific Sutera Hotel Sutera Harbour Marina, Golf & Country Club
Apr 2019	Malaysia Best Employer Brand Award 2018	Sutera Harbour Resort
March 2019	Industry Excellence in Hospitality (Sabah Top Achievers Award 2019)	Sutera Harbour Resort



RENEWAL OF SHARE BUY-BACK MANDATE



2. Share Buy-Back Mandate

Rationale:

- Greater flexibility in managing our capital and maximizing returns to our shareholders
- Improve return-on-equity, EPS and/or NTA value per share, thereby increasing shareholder value
- Mitigate short-term market volatility in the price of the Shares and bolster shareholders' confidence
- Treasury shares to be sold for cash, transferred as consideration for the acquisition of shares in or assets of another company or assets of a person, or issued to employees as a form of compensation, which may be less dilutive than if new Shares were issued for this purpose.



Key Terms of the Share Buy-Back Mandate

- Maximum number of shares which may be purchased shall not exceed 10% of the total number of issued shares (excluding treasury shares).
- The mandate is valid until the next AGM date.
- The purchase price for the share buy-back must NOT exceed:
 - in the case of a market purchase, 5% above the average closing price* of the shares.
 - in the case of an off-market purchase, 20% above the average closing price* of the shares.

**Average closing price means average of the closing market prices of the shares over the last five market days*

Q & A



QUESTION 1

Recently, there were news reports about Sabah government proposing a travel bubble between Kota Kinabalu and Singapore. When is this going to happen?

- The Group is in discussions with both Singapore and Sabah governments on a travel bubble between Singapore and the Group's hospitality properties in Sabah. It is uncertain when this is going to happen.

QUESTION 2

How has business picked up since the travel bubble between Kota Kinabalu and Kota Belud in Sabah was established?

- After the establishment of a travel bubble between Kota Kinabalu and Kota Belud, where our Sutera @ Mantanani Resort is located, in March 2021, the Resort has been attracting guests from Kota Kinabalu.

QUESTION 3

Will the Chongqing hotel be under the Sutera brand? What are your plans to expand your hotel business in China?

- It is unlikely that the Chongqing hotel will be under the Sutera brand. The Group plans to establish a new local brand for this hotel and its key customers will come from the corporate, government and leisure sectors. Currently, we have not decided on the brand for this hotel; we are looking to use a brand that is easily recognizable by the local market.
- For all of our developments, we are primarily focused on residential projects. Occasionally, we may have the opportunity to develop a mixed-use project incorporating commercial elements, such as a hotel. However, the hotel business is not our main focus in China.

QUESTION 4

Is the new international airport, to be constructed in Bishan, confirmed? Will this new airport take the place of the current airport in Chongqing?

- The commencement of construction of the new airport, which is targeted for 2022, has been announced by the local government, as reported in the local press. This new airport will complement the current airport.

QUESTION 5

What is the state of the real estate market in Chongqing, and how will that affect sales of your new project?

- The real estate market in Chongqing has been robust over the past year, and Bishan District, which is where our project is located, will benefit from this. As such, the outlook for our project is promising.

QUESTION 6

When do you expect to launch the sale of the villas and the other residential units?

- We expect to launch in Q3/Q4 in 2021.

QUESTION 7

Apart from Chongqing, what are your plans to expand your property business in China?

- The Group continues to look for property projects in China and may invest in such projects as long as they are feasible. We have a positive view of the property market in China and will continue to look for development opportunities in unique locations.

QUESTION 8

What is the status of construction of your Eaton and Coral Bay projects now that MCO is lifted in Malaysia? Will you be able to catch up on progressive sales recognition in FY2021?

- Eaton Residences is expected to complete sometime between Q2 and Q3 this year; accordingly, Eaton Residences' progressive sales recognition should be fully recognized in FY2021. Coral Bay is expected to complete sometime Q2/Q3 in 2023, and its progressive sales will be recognized from now till completion of construction.

QUESTION 9

The trading business jumped 11-fold in sales in FY2020. What's the upside of this business going forward?

- The Group expects the trading business to increase steadily as China's consumption for frozen meats is expected to continue to grow.

QUESTION 10

What's GSH's strategy for the trading business? Will it become a significant contributor in time to come?

- This is a new strategic business to help diversify our revenue streams. We are optimistic about its potential, but recognise that it is still in its early stages of growth.

THANK YOU

