



---

## **UPDATE ON THE GROUP'S BUSINESS AMIDST THE COVID-19 PANDEMIC**

---

The Board of Directors of GSH Corporation Limited (the "Company", and together with its subsidiaries, the "Group") wishes to provide an update on its businesses in Malaysia amid the COVID-19 pandemic, further to the Annual Report which was announced on 13 April 2020.

### **Hospitality Business (Sutera Harbour Resorts and Sutera @ Mantanani, Sabah)**

Our hospitality segment, which comprises two hotels in Sutera Harbour Resort and an island resort, Sutera @ Mantanani, in Kota Kinabalu, Sabah, was off to a strong start in January 2020. It posted a 16% increase in unaudited revenue to S\$7.9 million. (January 2019: S\$6.8 million).

However, the COVID-19 outbreak in China and South Korea, sparked a suspension of all Chinese and Korean visitors traveling 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.

Even though no Covid-19 case had occurred at our Resorts and Island, in compliance with the MCO, the Group's hospitality business in Sabah, had implemented a temporary closure from 18 March 2020. Since then, cost reduction initiatives have been implemented, and overheads are partially mitigated by the various support measures from the Malaysian Government.

The Group's hospitality segment posted unaudited revenue of S\$13.2 million, a 32% decline, for Q1 2020. (Q1 2019: S\$19.5 million) Going forward, the COVID-19 pandemic situation is expected to continue to cast a negative impact on the Group's hospitality business, in the foreseeable future.

### **Property Business**

Our construction on-site works have been progressing well, with the Group's Property Business continuing good revenue recognition contributions, from the Eaton Residences and Coral Bay projects, registering an 332% increase in unaudited revenue to S\$29.4 million, for Q1 2020. (Q1 2019: S\$6.8 million)

However, arising from the MCO, construction works had to be suspended from 18 March 2020. As a result, the Group's Property Business's progressive recognition of deferred revenue of about S\$120 million will only commence after construction has resumed.

In a recent development, the Malaysian government has allowed several economic sectors, including construction, to ramp up to full capacity from 29 April 2020. We are pleased that our project in Kuala Lumpur, Eaton Residences, has been allowed to resume construction on 4 May 2020.

### **Balance Sheet & Fundamentals**

As of 31 March 2020, the Group's balance sheet remains resilient, with a cash balance of S\$114.6 million and a net gearing ratio (excluding non-controlling interests) of 0.8 times. The Company will continue to monitor the evolving situation and will make the appropriate announcement(s) to keep shareholders updated on any material developments.

Shareholders and potential investors are reminded to exercise caution when dealing or trading in the securities of the Company and should consult their stockbrokers, bank managers, solicitors, accountants or other professional advisers, if they are in doubt about the actions that they should take.

**By Order of the Board**

**Gilbert Ee Guan Hui**  
**CEO / Executive Director**

7 May 2020