



PRESS RELEASE

GSH posts 28% rise in FY2019 net profit to S\$7.6 million; proposes dividend of 0.25 cent per share

- *Group revenue saw a 53.3% boost to S\$153.7 million, thanks to progressive contributions from the Group's residential projects in Malaysia – Eaton Residences and Coral Bay*

SINGAPORE – 26 February 2020 – Mainboard-listed **GSH Corporation Limited** (“GSH” or the “Group”) today announced that its net profit attributable to shareholders for FY2019 rose 28.0% year-on-year to S\$7.6 million.

Group revenue for the 12 months increased by 53.3% to S\$153.7 million, thanks to the progressive sales recognition from its two residential development projects – Eaton Residences in Kuala Lumpur and Coral Bay in Kota Kinabalu.

In the latest fourth quarter ended 31 December 2019, Group's revenue more than doubled to S\$50.4 million, propelled by its property business which surged 340% to S\$28.7 million on the back of progressive sales recognition from its two residential development projects. Its hospitality business experienced a modest growth of 4% quarter-on-quarter to S\$19.2 million, driven by an increase in occupancy rates in its two hotels in Kota Kinabalu.

However, the Group posted a loss after tax of S\$1.3 million, largely due to the impairment loss of S\$13.7 million arising from the write down of its investment in associated company, Henan Zhongyuan Four Seasons Aquatic Logistic Harbor Co. Ltd. (“HNZY”), following the Group's decision to divest its 30% stake (comprising 171 million shares) in HNZY for a consideration of RMB278 million and any interest accrued (“the Consideration”) as announced on 29 November 2019. The Group had invested RMB 200 million for a 30% stake in HNZY in 2017.

Following the acquisition, the Group commissioned an independent valuation of its HNZY shares in March 2017 which resulted in a negative goodwill gain of S\$14.3 million. As such, the carrying amount of HNZY was higher than the Consideration, which resulted in an accounting book loss of S\$13.7 million.

Consequently, share of profits from the associated company was lower by S\$1.2 million to S\$0.4 million in the latest fourth quarter, as compared to S\$1.6 million recorded in the same quarter a year ago.

Dividend

The Directors have proposed a first and final dividend of 0.25 Singapore cent per ordinary share, which is subject to approval at the next upcoming Annual General Meeting.

Said Mr Gilbert Ee (余源辉), GSH's Chief Executive Officer: *"We expect the progressive sales contributions from our projects in Malaysia to continue to boost our property business in the quarters ahead. Meanwhile, our hospitality business will be heavily impacted by the travel restrictions and flight suspensions in Sabah as a result of the Covid-19 outbreak. We are monitoring the situation closely and have put in place mitigating measures to manage the situation.*

Safety is our first priority and hence we have implemented plans to protect members of the public and our staff. We are working closely with the relevant authorities, suppliers and customers in each country we operate in, to support a coordinated and effective response. The Company is in a strong position to weather the disruption to our business."

-end-

For more information, please contact:

Tishrei Communications

HO See Kim, seekim@tishrei.sg

Tel: 9631 3602