

G. K. GOH HOLDINGS LIMITED

(Incorporated in the Republic of Singapore)
(Company Registration No. 199000184D)

FINANCIAL PERFORMANCE UPDATE FOR FIRST QUARTER ENDED 31 MARCH 2020

The Board of Directors of G. K. Goh Holdings Limited wishes to provide shareholders with an update on the Group's financial performance in light of the impact of the COVID-19 pandemic on our businesses and on the value of our financial assets. The update is based on unaudited management accounts and preliminary data, and is intended to give shareholders an approximate picture of the Group's financial situation as at 31 March 2020.

Overall Financial Impact

The Group was affected in three ways:

1. Losses in investment assets resulting from the fall in share prices;
2. Forex losses from the sharp fall in the Australian dollar/Singapore dollar exchange rate; and
3. Operating impact on our businesses resulting from pandemic and the resulting containment measures.

In aggregate, the Group is estimated to have incurred a pre-tax operating loss of S\$7.5 million. Of this figure, S\$4.7 million was from portfolio investment losses, and S\$2.8 million from operating businesses. Unrealised currency translation losses (mostly related to the Australian dollar's weakness), and the fall in the share prices of listed long-term investments (primarily Eastern & Oriental Bhd) led to a further loss of S\$16.7 million. Total loss for the Group was therefore S\$24.2 million. This translates to a loss of 7.5 cents per share, reducing the Group's net asset value per share to S\$1.17.

Commentary

The Group's first Singapore nursing home, Allium Care Suites, opened towards the end of 2019. The COVID-19 outbreak since January had slowed the pace at which new residents were signing up, and the situation is now even more difficult with all visitors barred from entering nursing homes until at least the end of April. Allium Healthcare was expected to be loss-making in its first two years of operation, but the scale of losses is likely to be greater than expected in 2020.

Opal Aged Care Group ("Opal") in Australia had to deal with extremely difficult conditions in January because of bushfires which threatened a number of its aged care homes. Fortunately, Opal managed to avoid any loss of life or significant damage to its properties. In March, Australia stepped up its national response to COVID-19, and one of Opal's homes was recently affected after a handful of residents and staff tested positive for the virus; fortunately other staff and residents have tested negative. COVID-19 remains a major risk for all aged care homes, given the vulnerability of the residents, but Opal's management continues to work hard to ensure resident and staff safety.

Some of Boardroom Limited's ("Boardroom") businesses have been disrupted by the containment measures. Many company meetings are having to be moved online, and many have delayed their shareholder meetings by up to two months. Billings will be delayed in some cases, and the new business pipeline has shrunk as a result of the extreme level of uncertainty and the reduction in corporate activity. Boardroom remained profitable on an operating basis in the first quarter, but the fall in the Australian dollar caused currency translation losses.

Taking into account the protracted and unpredictable nature of the COVID-19 crisis, the Executive Directors of the Group have volunteered to reduce their salaries by 30% for a six-month period from the beginning of April.

Liquidity

Our gearing level remains moderate at 29% and we believe that we have enough liquidity to see us through this crisis and to make further investments if attractive opportunities arise. In the 2019 results statement in February, the Directors recommended a final dividend of 2 cents a share. This recommendation remains unchanged.

Forward-looking Statements

The COVID-19 crisis has forced governments to undertake unprecedentedly large rescue efforts to avert economic calamity. Impressive and welcome as these are, we are unable to forecast with any confidence whether these financial remedies will be sufficient, how long shutdowns will persist for, how long it will then take for business conditions to normalise, and whether there may be further financial market dislocations ahead. As such, we cannot at this stage reasonably predict how the rest of 2020 will play out for the Group's businesses and investments.

By Order of the Board

Thomas Teo
Executive Director

3 April 2020