

G. K. GOH HOLDINGS LIMITED
(Company Registration No. 199000184D)
(Incorporated in the Republic of Singapore)

ANNOUNCEMENT

**RESPONSES TO QUERIES RECEIVED FROM
THE SECURITIES INVESTORS ASSOCIATION (SINGAPORE)**

The board of directors (the "**Board**") of G. K. Goh Holdings Limited (the "**Company**") refers to:

- (a) the queries received from the Securities Investors Association (Singapore) ("**SIAS**") in respect of the Company's annual report for the financial year ended 31 December 2022 ("**2022 Annual Report**");
- (b) the announcement (the "**Offer Announcement**") made by United Overseas Bank Limited ("**UOB**") and Maybank Securities Pte. Ltd., for and on behalf of Verveine Pte. Ltd. (the "**Offeror**"), on 28 February 2023 in relation to the voluntary conditional cash offer (the "**Offer**") for all the issued and paid up ordinary shares in the capital of the Company other than those already owned, controlled or agreed to be acquired by the Offeror, as at the date of the Offer;
- (c) the formal offer document dated 14 March 2023 containing the terms and conditions of the Offer and related documents (the "**Offer Document**"); and
- (d) the circular (the "**Offeree Circular**") issued by the Company containing, *inter alia*, the letter from Deloitte & Touche Corporate Finance Pte Ltd (the "**IFA Letter**"), the independent financial adviser (the "**IFA**") to the directors of the Company who are considered independent for the purposes of the Offer (the "**Independent Directors**"), and the recommendation of the Independent Directors in relation to the Offer.

The Board wishes to provide its responses to the queries from SIAS below:

Q1(i) : For the benefit of shareholders, could the company provide further details on the selection process for the IFA?

The Independent Directors solicited proposals from several reputable corporate finance advisers, which included affiliates of the Big 4 accounting firms in Singapore and a bank. The IFA was selected based on its experience, transaction credentials, international network, reputation for quality of service, and senior level attention.

Q1(ii) : What are the roles of the independent director in this process, including their interactions with the IFA?

The Independent Directors are required under General Principle 8 and Rule 7.1 of the Singapore Code on Take-overs and Mergers to obtain competent independent advice on the Offer and make known the substance of such advice to the shareholders of the Company. In this regard, the Independent Directors appointed the IFA to provide competent independent advice on the Offer, and held multiple discussions

with the IFA in connection with the IFA's evaluation, analyses and recommendation relating to the Offer. The Independent Directors having considered carefully the terms of the Offer and the advice given by the IFA in the IFA Letter, provided their recommendation on the Offer in the Offeree Circular.

Q1(iii) : Did the independent directors consider the benefits of revaluing the company's material assets or disclosing the updated mark-to-market value of its quoted portfolio to shareholders?

The consolidated financial statements of the Company and its subsidiaries ("**Group**") and the balance sheet and statement of changes in equity of the Company are prepared in accordance with Singapore Financial Reporting Standards (International). Please refer to the 2022 Annual Report for details of material accounting policy information (including the fair valuation of relevant assets) and the Group's independent auditor's report. The Independent Directors and the IFA had considered the carrying value of the Group's assets on an overall basis as at the Latest Practicable Date and determined that the carrying value was not materially different to that as at 31 December 2022.

Q1(iv) : Considering the materiality of Opal to the group's net asset value, has the board considered conducting a revaluation of Opal to determine the revalued net asset value of the group?

In accordance with Singapore Financial Reporting Standards (International), the Group accounts for its investments in associates (including Opal) and joint ventures using the equity method from the date on which it becomes an associate or joint venture. As set out in section 10.5(C) of the IFA Letter in Appendix I of the Offeree Circular, the IFA is of the view that the carrying value of Opal is fairly presented and has noted that "The ability to realise a value that is higher than carrying value would be affected by the existing transfer restrictions (in accordance to the terms of the shareholder agreements), potential tax liability that may arise from the net capital gain on Australian investments, market/economic conditions, professional fees, contractual obligations and any other regulatory requirements which would theoretically lower the value that can be realised."

Q2(i) : For shareholders' benefit, could management provide an update on its global economic outlook, including its views on interest rates, foreign exchange, inflation, and the risk of recession?

As mentioned in both the full year 2022 results announcement and the 2022 Annual Report, the Group's investment portfolio is diversified across geographies and asset classes, and focused on long-term returns. Returns over the next twelve months are difficult to predict, given the current daunting range of geopolitical and macroeconomic risks. That view has not changed to-date.

Q2(ii) : Has the board provided any specific guidance to management regarding the group's gearing? Does management intend to maintain the group's net cash position given current market conditions?

As stated in the 2022 Annual Report, the primary objective of the Group's capital management is to ensure that it maintains an appropriate gearing ratio in order to support its business and maximise shareholders' value. Whether or not there will be any change in the Group's gearing in the future will be dependent on the Offeror's intentions in relation to the Company. As set out in sections 7.4 and 8 of the Letter to Shareholders in the Offer Document, the Offeror is making the Offer with a view to delist and privatise the Company. This will enable the Offeror to exercise greater control and management flexibility to pursue and implement the Offeror's and the Company's business strategies and strategic options, including restructuring, streamlining and optimising resources across its businesses, investments, operations and corporate structure. The Offeror intends for the Company to continue its existing business activities and there are currently no plans to (i) introduce any major changes to the business of the Company, (ii) re-deploy any of the fixed assets of the Company or (iii) discontinue the employment of any of the existing employees of the GKGH Group, other than in the ordinary course of business. However, the Offeror retains and reserves the right and flexibility at any time and from time to time to consider any options or opportunities in relation to the Company which may present themselves and which the Offeror may regard to be in the best interests of the Offeror and the Company.

Q2(iii) : What indicators or signals does management track in order to identify favorable opportunities for reallocating capital in the market?

Geopolitical and macroeconomic factors are important ingredients for reallocating capital in the market. The Group's investments are calibrated towards achieving long-term returns that are in excess of its cost of capital.

Q3(i) : What are the key factors that make Japan its most significant investment country target for the group?

Japan is the world's third largest economy and stock market, with over 5,000 listed companies. Many of these companies have global businesses and have been restructuring their businesses for greater competitiveness, with a greater focus on investor returns. On average, corporate balance sheets in Japan are robust, with relatively little debt. Shareholder activism has also been on the rise. Valuations of Japanese businesses are attractive in comparison with their global peers, along with factors such as the cost of funding, the country's social stability and relative geopolitical risks.

Q3(ii) : How does management perceive Japan's aging demographic profile?

Japan's aging demographic profile is a risk factor that is considered when selecting individual investments. However, the shift in demographics has also provided many examples and learning points in, for example, the eldercare and medical devices sectors.

Q3(iii) : What are management's current views on China's growth trajectory and how is the group taking advantage of it? Are there any particular sectors or industries that management is focusing on for investment opportunities in China?

Investments are made in line with prevailing convictions on the relative opportunities offered by individual investments, after adjusting for a range of risks including geopolitical tensions, macroeconomic factors and governance issues. In recent years, the Group has not made significant investments directly into China. The Group has however invested in venture and private equity funds which have exposure to China.

Q3(iv) : With regard to the private equity and venture capital segment, what is management's outlook on the impact of recent events such as the massive layoffs by technology companies and the growing importance of artificial intelligence? How is the group adapting to these changes and identifying opportunities in this dynamic environment?

As mentioned in the 2022 Annual Report, the Group has built exposure to venture capital and private equity more broadly, with an emphasis on healthcare, infrastructure and scientific innovation. Similar to companies in other sectors, companies operating in such sectors go through growth, development and funding cycles, which are closely monitored and tracked. As has been reported in the media, funding for start-up and early stage growth companies has become more selective in the past year. This creates both challenges as well as opportunities for investors with a long-term perspective.

RESPONSIBILITY STATEMENT

The directors of the Company (the "**Directors**") (including those who may have delegated detailed supervision of this announcement) have taken all reasonable care to ensure that the facts stated and all opinions expressed in this announcement (other than those relating to the Offeror and the Offer) are fair and accurate and that there are no material facts not contained in this announcement, the omission of which would make any statement in this announcement misleading.

Where any information has been extracted or reproduced from published or otherwise publicly available sources or obtained from the Offeror (including, without limitation, the Offer Announcement, the Offer Document and any other announcements made by or on behalf of the Offeror), the sole responsibility of the Directors has been to ensure, through reasonable enquiries, that such information has been accurately extracted from such sources or, as the case may be, reflected or reproduced in this announcement.

The Directors jointly and severally accept responsibility accordingly.

BY ORDER OF THE BOARD

Ngiam May Ling
Company Secretary
17 April 2023