
RESPONSE TO SGX-ST QUERIES IN RELATION TO THE UNAUDITED FULL YEAR FINANCIAL STATEMENT AND DIVIDEND ANNOUNCEMENT FOR THE FINANCIAL YEAR ENDED 31 MARCH 2020

The board of directors (the “**Board**”) of GP Industries Limited (the “**Company**”, together with its subsidiaries the “**Group**”) refers to the queries raised by the Singapore Exchange Securities Trading Limited (the “**SGX-ST**”) in its email dated 23 July 2020 in relation to the Company’s unaudited full year financial statement and dividend announcement for the financial year ended 31 March 2020 released on 29 June 2020 (the “**FY2020 Results Announcement**”) and wishes to provide the following information in response to such queries:

SGX-ST Queries

It is stated on page 7 of the announced financial results that the Group has aggregate borrowings and debt securities of S\$517,222,000 which are repayable in one year or less, or on demand.

- a) How does the Group intend to repay the amount of S\$517,222,000 which is repayable in one year or less, or on demand?
- b) How much of the amount of S\$517,222,000 is attributable to borrowings and debt securities which are repayable on demand? Further, what are the conditions or circumstances which would trigger repayment to be made on demand?
- c) Please provide further information on whether the Company expects cash flow or liquidity issues with regard to the repayment of S\$517,222,000, in light of the COVID-19 situation and its impact on the Company’s business operations. Please substantiate the Company’s stand with specific details.

Company’s response to SGX-ST Queries

- a) An analysis of the borrowings and debt securities of the Group repayable in one year or less or on demand as at 31 March 2020 is set out below:

	S\$’000
<u>Instalments scheduled to be repaid before 31 March 2021</u>	
Instalments of motor vehicle loan (secured)	33
Instalments of lease liabilities (secured)	787
Term loans	85,900
	86,720
Long-term bank loans due after one year (i.e. portion of the Affected Loans (as defined in the FY2020 Results Announcement) which are due for repayment after 31 March 2021) presented as current liabilities	130,157
<u>Other short-term loans</u>	
Short-term bank loans	291,030
Import and export loans	9,315
	300,345
Total amount repayable in one year or less, or on demand	517,222

As at 31 March 2020, the Group had S\$221,098,000 of bank balances, deposits and cash and S\$227,992,000 of credit available under undrawn borrowing facilities.

The Group intends to repay the instalment of loans due before 31 March 2021 of S\$86,720,000 and if required, other short-term loans of S\$300,345,000, by utilizing its bank and cash balances together with credit available under the undrawn borrowing facilities. The long-term bank loans due after one year of S\$130,157,000 will be repaid according to respective repayment schedules by utilizing the internal resources of the Group.

- b) As analysed in paragraph a) above, other short-term loans of S\$300,345,000 in aggregate were included in the total amount repayable in one year or less, or on demand of S\$517,222,000. These short-term loans are mainly uncommitted credit facilities and the lenders may cancel such credit facilities and demand for repayment of such loans at their discretion.
- c) As at the date of this announcement, all of the Group's factories have resumed normal operations and the Group continues to implement a number of stringent cost control measures. It is stated on page 19 of the FY2020 Results Announcement that the demand for the Group's battery products is expected to be less susceptible to the negative impact of a slowed down economy, though the demand for the Group's electronics and acoustics products may continue to be adversely affected if the negative sentiments caused by the COVID-19 pandemic persist. For the financial year ended 31 March 2020, revenue of the batteries business accounted for approximately 75.0% of the revenue of the Group.

Taking into account the Group's unaudited financial results for the quarter ended 30 June 2020, forecasted cash generated by operations for the three quarters ending 31 March 2021 and its credit facilities maintained with its banks, the Group is satisfied after due and careful enquiry that it has sufficient resources to meet its working capital requirements and other funding requirements for the financial year ending 31 March 2021.

By order of the Board

Kelly Kiar Lee Noi
Company Secretary

28 July 2020