



TYE SOON LIMITED

Company Registration No. 195700114W

Half Year Financial Statements and Dividend Announcement For The Period Ended 30 June 2020

PART 1 INFORMATION REQUIRED FOR QUARTERLY (Q1, Q2 & Q3), HALF-YEAR AND FULL YEAR ANNOUNCEMENTS

- 1(a)(i) An income statement and statement of comprehensive income, or a statement of comprehensive income, for the group, together with a comparative statement for the corresponding period of the immediately preceding financial year.

	30 June 2020 \$'000	30 June 2019 \$'000	Increase/ (Decrease) %
Consolidated Income Statement			
Revenue	90,446	108,930	(17.0)
Other income	581	207	180.7
Changes in inventories of finished goods	(3,679)	867	nm
Cost of purchases	(66,782)	(88,301)	(24.4)
Staff costs	(10,671)	(11,128)	(4.1)
Depreciation expenses	(2,428)	(2,377)	2.1
Other operating expenses	(5,507)	(6,778)	(18.8)
Finance costs	(1,447)	(1,660)	(12.8)
Profit/(Loss) before tax	513	(240)	nm
Tax expense	(406)	(221)	83.7
Profit/(Loss) for the period	107	(461)	nm
Profit/(Loss) attributable to:			
Owners of the Company	84	(488)	nm
Non-controlling interests	23	27	(14.8)
Profit/(Loss) for the period	107	(461)	nm

Consolidated Statement of Comprehensive Income	30 June 2020 \$'000	30 June 2019 \$'000	Increase/ (Decrease) %
Profit/(Loss) for the period	107	(461)	nm
Other comprehensive income:			
Items that are or may be reclassified subsequently to profit or loss:			
Foreign currency translation differences of net assets/liabilities of foreign branch, subsidiaries and associate	(82)	(747)	(89.0)
Other comprehensive income for the period, net of tax	(82)	(747)	(89.0)
Total comprehensive income for the period	25	(1,208)	nm
Total comprehensive income attributable to:			
Owners of the Company	1	(1,235)	nm
Non-controlling interests	24	27	(11.1)
Total comprehensive income for the period	25	(1,208)	nm

1(a)(ii) The following items (with appropriate breakdown and explanations), if significant, must either be included in the income statement or in the notes to the income statement for the current financial period reported on and the corresponding period of the immediately preceding financial year:-

	30 June 2020 \$'000	30 June 2019 \$'000	Increase/ (Decrease) %
Analysis of operating expenses:			
Operating lease expenses	(538)	(799)	(32.7)
Transportation expenses	(1,287)	(1,634)	(21.2)
Impairment losses on trade receivables and bad debts written off	(28)	-	nm
Allowance for inventory obsolescence	(457)	(208)	119.7
Foreign exchange loss	(53)	(468)	(88.7)
Others	(3,144)	(3,669)	(14.3)
	(5,507)	(6,778)	(18.8)

	30 June 2020 \$'000	30 June 2019 \$'000	Increase/ (Decrease) %
Analysis of other income:			
Government grants and supports	533	-	nm
Bad debt recovered	-	2	(100.0)
Reversal of impairment losses on trade receivables	-	157	(100.0)
Gain on sale of plant and equipment	1	3	(66.7)
Finance income	7	14	(50.0)
Others	40	31	29.0
	581	207	180.7

nm denotes not meaningful.

1(b)(i) A statement of financial position (for the issuer and group), together with a comparative statement as at the end of the immediately preceding financial year.

	Group 30 June 2020 \$'000	Group 31 Dec 2019 \$'000	Company 30 June 2020 \$'000	Company 31 Dec 2019 \$'000
Assets				
Plant and equipment	1,027	1,161	359	414
Right-of-use assets	7,800	7,526	2,951	3,750
Goodwill	96	94	-	-
Subsidiaries	-	-	24,410	24,546
Associate	133	133	162	162
Other investment	815	815	815	815
Deferred tax assets	1,281	1,344	-	-
Loan receivables	-	-	-	-
Non-current assets	11,152	11,073	28,697	29,687
Current tax assets	231	250	-	-
Inventories	99,761	103,440	31,757	33,274
Trade and other receivables	27,688	32,980	37,651	50,008
Cash and cash equivalents	13,267	17,545	5,249	7,686
Current assets	140,947	154,215	74,657	90,968
Total assets	152,099	165,288	103,354	120,655
Equity				
Share capital	38,057	38,057	38,057	38,057
Reserves	14,041	14,040	2,694	3,635
Equity attributable to owners of the Company	52,098	52,097	40,751	41,692
Non-controlling interests	424	400	-	-
Total equity	52,522	52,497	40,751	41,692
Liabilities				
Lease liabilities	3,905	3,901	1,493	2,234
Employee benefits	930	776	-	-
Deferred tax liabilities	29	29	-	-
Non-current liabilities	4,864	4,706	1,493	2,234
Loans and borrowings	65,500	77,767	51,062	64,704
Lease liabilities	3,920	3,612	1,487	1,511
Trade and other payables	24,219	25,512	7,711	9,492
Contract liabilities	850	1,037	850	1,022
Current tax liabilities	224	157	-	-
Current liabilities	94,713	108,085	61,110	76,729
Total liabilities	99,577	112,791	62,603	78,963
Total equity and liabilities	152,099	165,288	103,354	120,655

1(b)(ii) In relation to the aggregate amount of group's borrowings and debt securities, specify the following as at the end of the current financial period reported on with comparative figures as at the end of the immediately preceding financial year:-

(A) the amount repayable in one year or less, or on demand;

As at 30/6/2020		As at 31/12/2019	
Secured	Unsecured	Secured	Unsecured
\$'000 26	\$'000 65,500	\$'000 25	\$'000 77,767

(B) the amount repayable after one year;

As at 30/6/2020		As at 31/12/2019	
Secured	Unsecured	Secured	Unsecured
\$'000 49	\$'000 -	\$'000 61	\$'000 -

(C) whether the amounts are secured or unsecured; and

As disclosed in (A) and (B) above.

(D) details of any collaterals.

Nil.

1(c) A statement of cash flows (for the group), together with a comparative statement for the corresponding period of the immediately preceding financial year.

	Group 30 June 2020 \$'000	Group 30 June 2019 \$'000
Cash flows from operating activities		
Profit/(Loss) before tax	513	(240)
Adjustments for :		
Depreciation of plant and equipment and right-of-use assets	2,428	2,377
Gain on sale of plant and equipment	(1)	(3)
Impairment losses on/(Reversal of) trade receivables	28	(157)
Allowance for inventory obsolescence	457	208
Finance income	(7)	(14)
Finance costs	1,447	1,660
Unrealised foreign exchange gain	66	(130)
Gain on lease settlement	(2)	-
	4,929	3,701
Changes in working capital		
Changes in inventories	4,639	(1,690)
Changes in trade and other receivables	4,826	130
Changes in trade and other payables	(2,137)	269
Changes in contract liabilities	(187)	144

Changes in bills payable and trust receipts	(10,937)	1,960
Cash from operating activities	1,133	4,514
Tax paid	(249)	(243)
Interest paid	(559)	(818)
Net cash from operating activities	325	3,453
Cash flows from investing activities		
Interest received	7	14
Proceeds from sale of plant and equipment	2	3
Acquisition of plant and equipment	(52)	(73)
Net cash used in investing activities	(43)	(56)
Cash flows from financing activities		
Payment of finance lease liabilities	-	(16)
Proceeds from borrowings	9,520	6,039
Repayment of borrowings	(10,977)	(8,329)
Payment of lease liabilities	(2,174)	(1,995)
Interest paid	(980)	(899)
Net cash used in financing activities	(4,611)	(5,200)
Net decrease in cash and cash equivalents	(4,329)	(1,803)
Cash and cash equivalents at the beginning of period	17,545	14,705
Effect of exchange rate changes on the balance of cash held in foreign currencies	51	(135)
Cash and cash equivalents at the end of period	13,267	12,767

1(d)(i) A statement (for the issuer and group) showing either (i) all changes in equity or (ii) changes in equity other than those arising from capitalisation issues and distributions to shareholders, together with a comparative statement for the corresponding period of the immediately preceding financial year.

Group	Share capital \$'000	Other capital reserves \$'000	Fair value reserve \$'000	Translation reserve \$'000	Retained earnings \$'000	Total \$'000	Non-controlling interests \$'000	Total equity \$'000
At 1 January 2019	38,057	3,501	(105)	(6,622)	17,965	52,796	347	53,143
Total comprehensive income for the period								
(Loss)/profit for the period	-	-	-	-	(488)	(488)	27	(461)
Other comprehensive income								
Foreign currency translation differences of net assets/liabilities of foreign branch, subsidiaries and associate	-	-	-	(747)	-	(747)	-	(747)
Total other comprehensive income	-	-	-	(747)	-	(747)	-	(747)
Total comprehensive income for the period	-	-	-	(747)	(488)	(1,235)	27	(1,208)
At 30 June 2019	38,057	3,501	(105)	(7,369)	17,477	51,561	374	51,935
At 1 January 2020	38,057	3,501	(105)	(7,323)	17,967	52,097	400	52,497

Total comprehensive income for the period								
Profit for the period	-	-	-	-	84	84	23	107
Other comprehensive income								
Foreign currency translation differences of net assets/liabilities of foreign branch, subsidiaries and associate	-	-	-	(83)	-	(83)	1	(82)
Total other comprehensive income	-	-	-	(83)	-	(83)	1	(82)
Total comprehensive income for the period	-	-	-	(83)	84	1	24	25
At 30 June 2020	38,057	3,501	(105)	(7,406)	18,051	52,098	424	52,522

Company	Share capital \$'000	Fair value reserve \$'000	Translation reserve \$'000	Retained earnings \$'000	Total \$'000
At 1 January 2019	38,057	(105)	659	3,430	42,041
Total comprehensive income for the period					
Loss for the period	-	-	-	(1,757)	(1,757)
Other comprehensive income					
Foreign currency translation differences of net assets/liabilities of foreign branch	-	-	10	-	10
Total other comprehensive income	-	-	10	-	10
Total comprehensive income for the period	-	-	10	(1,757)	(1,747)
At 30 June 2019	38,057	(105)	669	1,673	40,294

At 1 January 2020	38,057	(105)	672	3,068	41,692
Total comprehensive income for the period					
Loss for the period	-	-	-	(868)	(868)
Other comprehensive income					
Foreign currency translation differences of net assets/liabilities of foreign branch	-	-	(73)	-	(73)
Total other comprehensive income	-	-	(73)	-	(73)
Total comprehensive income for the period			(73)	(868)	(941)
At 30 June 2020	38,057	(105)	599	2,200	40,751

1(d)(ii) Details of any changes in the company's share capital arising from rights issue, bonus issue, share buy-backs, exercise of share options or warrants, conversion of other issues of equity securities, issue of shares for cash or as consideration for acquisition or for any other purpose since the end of the previous period reported on. State the number of shares that may be issued on conversion of all the outstanding convertibles, if any, against the total number of issued shares excluding treasury shares and subsidiary holdings of the issuer, as at the end of the current financial period reported on and as at the end of the corresponding period of the immediately preceding financial year. State also the number of shares held as treasury shares and the number of subsidiary holdings, if any, and the percentage of the aggregate number of treasury shares and subsidiary

holdings held against the total number of shares outstanding in a class that is listed as at the end of the current financial period reported on and as at the end of the corresponding period of the immediately preceding financial year.

Not applicable.

- 1(d)(iii) To show the total number of issued shares excluding treasury shares as at the end of the current financial period and as at the end of the immediate preceding year.

	Number of ordinary Shares	Share Capital \$'000
As at 31 Dec 2019	87,265,029	38,057
As at 30 June 2020	87,265,029	38,057

- 1(d)(iv) A statement showing all sales, transfers, cancellation and/or use of treasury shares as at the end of the current financial period reported on.

Not applicable.

- 1(d)(v) A statement showing all sales, transfers, cancellation and/or use of subsidiary holdings as at the end of the current financial period reported on.

Not applicable.

2. Whether the figures have been audited or reviewed, and in accordance with which auditing standard or practice.

The figures have not been audited or reviewed by the auditors.

3. Where the figures have been audited or reviewed, the auditors' report (including any qualifications or emphasis of matter).

Not applicable.

4. Whether the same accounting policies and methods of computation as in the issuer's most recently audited annual financial statements have been applied.

Except as disclosed in item 5 below, the Group had applied the same accounting policies and methods of computation in the financial statements for the current financial period as those applied in the Group's most recently audited financial statements for the year ended 31 December 2019.

5. If there are any changes in the accounting policies and methods of computation, including any required by an accounting standard, what has changed, as well as the reasons for, and the effect of the change.

The Group has applied the following SFRS(I)s, interpretations of SFRS(I) and requirement of SFRS(I) which are mandatorily effective from 1 January 2020:

- Amendments to SFRS(I) 3 Definition of a Business
- Amendments to SFRS(I) 7 and SFRS(I) 9 Interest Rate Benchmark Reform
- Amendments to SFRS(I) 1-1 and SFRS(I) 1-8 Definition of Material

- Amendments to References to the Conceptual Framework in SFRS(I) Standards

The adoption of the above standards did not have any significant impact on the financial statements.

- Earnings per ordinary share of the group for the current financial period reported on and the corresponding period of the immediately preceding financial year, after deducting any provision for preference dividends:-

Earnings per ordinary share for the period based on loss attributable to shareholders	30 June 2020	30 June 2019
(a) Based on the weighted average number of ordinary shares in issue; and	0.10 cents	(0.56) cents
(b) On a fully diluted basis	0.10 cents	(0.56) cents

Basic earnings per share for the period ended 30 June 2020 was computed based on net profit attributable to shareholders of \$84,000 (30 June 2019: net loss of \$488,000) and weighted average number of ordinary shares of 87,265,029 (30 June 2019: 87,265,029).

Diluted earnings per share for the period ended 30 June 2020 was computed based on net profit attributable to shareholders of \$84,000 (30 June 2019: net loss of \$488,000) and number of ordinary shares of 87,265,029 (30 June 2019: 87,265,029).

- Net asset value (for the issuer and group) per ordinary share based on the total number of issued shares excluding treasury shares of the issuer at the end of the: (a) current financial period reported on; and (b) immediately preceding financial year.

	Group 30 June 2020	Group 31 December 2019	Company 30 June 2020	Company 31 December 2019
Net asset value per ordinary share based on issued share capital	59.7 cents	59.7 cents	46.7 cents	47.8 cents

Net asset value per ordinary share as at 30 June 2020 was computed based on equity attributable to owners of the Company of \$52,098,000 (2019: \$52,097,000) and existing ordinary shares of 87,265,029 (31 December 2019: 87,265,029).

- A review of the performance of the group, to the extent necessary for a reasonable understanding of the group's business. It must include a discussion of the following: (a) any significant factors that affected the turnover, costs, and earnings of the group for the current financial period reported on, including (where applicable) seasonal or cyclical factors; and (b) any material factors that affected the cash flow, working capital, assets or liabilities of the group during the current financial period reported on.

Review of Performance

Group turnover declined by 17.0% during the period to \$90.4 million.

The first six months of 2020 was extraordinary in the speed and extent the COVID-19 pandemic emerged and engulfed the world. Despite a positive start to the year, coming off the back of the Group's record sales for a 6-month period in 2H19, the Group was adversely affected by the effects of temporary business closures arising from lockdowns imposed.

Continuing on from last year, the Group was able to leverage on its geographically diversified customer base and its large portfolio of brands to positive effect. Turnover for the export-based business in Singapore increased by 16.6% for YTD Feb'20. That level could not be maintained as the effects of temporary business closures, arising from various degrees of restrictive lockdown measures, were gradually being felt in most of the Group's markets globally. The domestic market in Singapore was also affected as the Circuit Breaker was introduced on 7 April and lasted nearly two months till 1 June. Turnover for 1H20 ended with a decline of 28.9%.

Despite the COVID-19 situation emerging and developing over the course of the six-month period, the South Korean government did not impose a general lockdown on businesses. As a result, the business in South Korea continued to benefit relatively uninterrupted from the growth momentum built up in 2H19 even though business sentiment was affected. Turnover achieved a 12.1% growth in KRW terms but a more moderate 9.4% in SGD terms.

The business in Australia started the year on a positive note in comparison with the levels seen in the latter part of 2H19. Despite going through what was in effect a partial lockdown from late March to early May (as different states in the country took varying courses of action), the business picked up pace in 2Q20. Customer demand held up well in the circumstances with turnover higher by 0.6% in AUD terms in 1H20. As the AUD weakened against the SGD during the period, turnover registered a decline of 3.5% in SGD terms.

The business in Malaysia continued to enjoy market share improvements at the start of the year, with turnover higher by 10.5% in MYR terms for YTD Feb'20, but was interrupted abruptly when the country declared lockdown measures under a Movement Control Order (MCO) on 18 March in response to the evolving COVID-19 situation. These measures, which imposed general restrictions on people movement and temporary business closures, lasted until 3 May. The Group's business restarted on 4 May under the current recovery phase facilitating the gradual reopening of the economy. As a consequence, turnover for 1H20 ended lower by 26.3% in MYR terms, a similar level in SGD terms.

The gross margin rate improved due to the higher proportion of Group sales to the repair workshop level. That improvement, however, was not sufficient to offset the effects of the reduced level of business. Total margins decreased by \$1.8 million.

Government-driven stimuli and aid programs in response to the COVID-19 situation have been a feature in certain jurisdictions the Group operates in. These

mainly relate to wage and other operating cost subsidies. These made up almost all of the increase in other income.

In addition to such wage and other operating cost subsidies, the Group put in place cost-saving measures and reigned in other costs amounting to \$1.5 million in aggregate, the main areas of which related to payroll, premises and logistics costs. Staff costs decreased by \$0.46 million, logistics costs by \$0.35 million and premises costs by \$0.26 million.

Total finance costs came down by \$0.2 million as the Group reduced the average level of borrowings during the period.

Despite experiencing a lower level of business, the combination of cost-saving measures, the realignment of expenditures and government aid contributed much to the improvement in profit from operations before foreign exchange loss of \$0.23 million in 1H19 to a profit of \$0.57 million in 1H20.

Foreign exchange losses remained at a relatively low level at \$0.05 million for the period, in contrast to the loss of \$0.47 million incurred in 1H19.

As a result, profit/loss before tax went from a loss of \$0.2 million in 1H19 to a profit of \$0.5 million in 1H20. The respective figures after tax were a loss of \$0.5 million in 1H19 and a profit of \$0.1 million in 1H20.

After accounting for foreign currency translation differences of net assets at overseas subsidiaries and branch, total comprehensive income amounted to \$0.025 million.

Balance Sheet Review

Group inventory levels were at 8.4 months as at 30 June 2020 compared with 6.9 months as at 31 December 2019. Despite the significant reduction in the level of purchases over the period, inventory months increased due to the lower level of sales recorded in 1H20. Inventory level dropped to \$99.7 million as at 30 June 2020 just after the reopening of the Group's businesses in Singapore and Malaysia earlier in the month post-lockdown. Inventory level as at 31 December 2019, by comparison, was at \$103.4 million.

Group receivable levels were at 1.6 months as at 30 June 2020, the same as at 31 December 2019. In absolute terms, receivable levels were at \$27.7 million as at 30 June 2020 and \$33.0 million as at 31 December 2019.

Loans and borrowings, the majority of which consisted of trade-related bills, decreased significantly by \$12.3 million from \$77.8 million as at 31 December 2019 to \$65.5 million as at 30 June 2020 mainly due to the significant reduction in the level of purchases over the period.

Group payable levels decreased by \$1.3 million from \$25.5 million as at 31 December 2019 to \$24.2 million as at 30 June 2020, broadly in line with the lower level of purchases from suppliers.

Cash balances decreased by \$4.2 million from \$17.5 million as at 31 December 2019 to \$13.3 million as at 30 June 2020.

The Group's current ratio was at 1.49 times as at 30 June 2020 compared with 1.43 times as at 31 December 2019.

The Group's net gearing level was at 1.0 as at 30 June 2020 in comparison with 1.16 times as at 31 December 2019.

Cash Flow Statement Review

Cash generated from operations before accounting for changes in working capital amounted to \$4.9 million for the six-month period. After accounting for changes in working capital, cash flows generated from operating activities amounted to \$1.1 million. Cash flows generated from operating activities after accounting for tax and net interest paid amounted to \$0.3 million. Net cash used in investing activities amounted to \$0.1 million. Net cash used in financing activities amounted to \$4.6 million. Cash balances declined from \$17.5 million at the beginning of the period to \$13.3 million as at 30 June 2020.

9. Where a forecast, or a prospect statement, has been previously disclosed to shareholders, any variance between it and the actual results.

The Group did not disclose any forecast to the market.

10. A commentary at the date of the announcement of the significant trends and competitive conditions of the industry in which the group operates and any known factors or events that may affect the group in the next reporting period and the next 12 months.

It was stated in our full year results announcement on 24 February 2020 that "Whilst the Group cannot be expected to totally avoid the impact from this (pandemic) fallout, it is expected to be less severely affected in comparison with many other companies in the broader automotive sector." The explanation for this view was also set out in the said announcement.

The two basic but paramount elements in maintaining the smooth functioning of the Group's business involve getting supplies from principals and having customers to buy from its business units. From the Group's viewpoint, both elements were relatively resilient in 1H20.

The generally-smooth supply flow from the principals experienced in 1H20 helped as the Group did not experience any major delay in supplies. Nothing has come to the Group's notice that this will be different for the rest of the current year under review.

As for customer demand in countries where the Group operates, the past few months have shown that in situations, as was the case in South Korea and Australia, where business activities were not compulsorily shut down or restricted due to a government-imposed lockdown, such demand held up relatively well in the circumstances. The Group is still currently seeing this pattern of demand. Export markets in aggregate, though, might be more volatile as different countries could be going through markedly different sets of circumstances.

Moving forward, the Group's performance will be affected by two sets of circumstances. First, the introduction and continuation of government-driven stimuli and aid programs, such as wage subsidies and liquidity help, will play a significant role in cushioning any potential impact in the event there is a government-imposed lockdown involving compulsory temporary business closures in a country where the Group operates. Second, a resurgence in COVID-19 caseloads in countries where the Group operates or where the Singapore business exports to will have a dampening effect on business confidence and possible demand.

11. If a decision regarding dividend has been made:-

- (a) Whether an interim/final ordinary dividend has been declared (recommended); and

No.

- (b) (i) Amounts per share.

Not applicable.

- (b) (ii) Previous corresponding period

Not applicable.

- (c) Whether the dividend is before tax, net of tax or tax exempt. If before tax or net of tax, state the tax rate and the country where the dividend is derived.

Not applicable.

- (d) The date the dividend is payable

Not applicable.

- (e) The date on which Registrable Transfers received by the company (up to 5.00 pm) will be registered before entitlements to the dividend are determined.

Not applicable.

12. If no dividend has been declared (recommended), a statement to that effect and the reason(s) for the decision.

No dividend has been declared during the period reported on. In considering whether to recommend a dividend, the Board takes into account various factors including profitability, cash flow requirements, business outlook and the prevailing general economic/market conditions. The Board has decided not to recommend a dividend on prudent grounds.

13. If the Group has obtained a general mandate from shareholders for IPTs, the aggregate value of such transactions as required under Rule 920(1)(a)(ii). If no IPT mandate has been obtained, a statement to that effect.

The Group has not obtained IPT mandate.

14. Negative confirmation pursuant to Rule 705(5). (Not required for announcement on full year results)

The Directors confirm that, to the best of their knowledge, nothing has come to the attention of the Board of Directors which may render the unaudited interim financial results of the Group and the Company for the six-month period ended 30 June 2020 to be false or misleading in any material respects.

On behalf of the Board

David Chong Tek Yew
Managing Director

Ong Eng Chian, Kelvin
Deputy Managing Director

15. Confirmation that the issuer has procured undertakings from all its directors and executive officers (in the format set out in Appendix 7.7) under Rule 720(1).

The Company has procured signed undertakings from all of its directors and executive officers based on Appendix 7.7 of the SGX-ST Listing Manual.

BY ORDER OF THE BOARD

David Chong Tek Yew
Managing Director
13 August 2020