TYE SOON LIMITED
Company Registration No: 195700114W

RESPONSE TO QUERIES FROM SGX-ST IN RELATION TO THE UNAUDITED FINANCIAL STATEMENTS FOR SIX MONTHS AND FULL YEAR ENDED 31 DECEMBER 2023

The Board of Directors of Tye Soon Limited ("***Company***") would like to announce the following in response to the queries raised by the Singapore Exchange Securities Trading Limited ("***SGX-ST***") to the Company on 25 March 2024.

SGX-ST - Question 1

Please disclose a breakdown of trade and other payables amounting to S$35,130,000 and S$38,262,000 as at 31 December 2023 respectively. For other payables, please disclose the aging and nature of these other payables and whether the counterparties are related parties.

Company's Response

Breakdown of Trade and Other Payables

	Note	Group 2023	2022
		S$'000	S$'000
Trade payables		27,852	31,191
Accrued expenses		5,914	5,973
Other payables		733	556
Interest payable		334	218
Provision for site restoration	(a)	223	248
Amount due to a director of a subsidiary, non-trade	(b)	74	76
		35,130	**38,262**

(a) A provision is recognised for the costs to be incurred for the restoration of the leased buildings to the condition required by the terms and conditions of the lease.
(b) Amount due to a director of a subsidiary is unsecured, interest-free and is repayable on demand.

The above table is an extract of the FY23 Annual Report which will be issued shortly. "Other payables" consist of mainly unpaid invoices to non-trade vendors. Note (b) above indicates the amount owed to a related party. All balances have due dates within one year.

SGX-ST – Question 2

It is noted that the Company has a net cash outflow from operating activities of S$601,000 and a net profit of S$4,320,000 for the year ended 31 December 2023. Please explain why the Company is unable to generate net cash inflow from its operating activities, despite the Company's net profit position for the financial year.

Company's Response

Below is an extract of the Group's cashflow statement:

	2023 S$'000
Cash flows from operating activities	
Profit before tax	5,870
Adjustments for:	
Depreciation of plant and equipment	377
Depreciation of right-of-use assets	4,279
(Gain)/Loss on disposal of plant and equipment	(5)
Net impairment losses on trade receivables	24
Write-down of inventories (net)	496
Interest income	(12)
Finance costs	4,427
Unrealised foreign exchange gain on bank loans	(71)
Gain on derecognition of right-of-use assets	(6)
	15,379
Changes in working capital	
Changes in inventories	(7,782)
Changes in trade and other receivables	(1,848)
Changes in trade and other payables	(4,114)
Changes in contract liabilities	(573)
Changes in bills payable and trust receipts	2,612
Interest paid for bills payable and trust receipts	(2,158)
Cash generated from operating activities	1,516
Tax paid	(2,117)
Net cash (used in)/from operating activities	(601)

Group profit before tax amounted to S$5.9 million. After making adjustments for non-cash items in the profit or loss statement, the cash generated from operations amounted to S$15.4 million. Changes in working capital, including increases in inventories and trade/other receivables and decreases in trade/ other payables, are then accounted for to arrive at "cash generated from operating activities" amounting to S$1.5 million. After accounting for tax paid of S$2.1 million, "net cash used in operating activities" amounted to an outflow of S$0.6 million.

SGX-ST - Question 3

Given the Group's significant short-term liabilities of S$113,153,000 and cash and bank balance of only S$13,211,000, please disclose the Board's assessment how the Company intends to fulfil its significant payment obligations in the next 12 months. Where the Company has worked out debt repayment plans to fulfil its debt obligations, please disclose if the Company is on track to fulfilling these obligations.

Company's Response

	Group As at 31 December 2023 $'000
Current tax assets	549
Inventories	118,857
Trade and other receivables	35,348
Cash and cash equivalents	13,211
Current Assets	**167,965**
Loans and borrowings	72,184
Lease liabilities	4,016
Trade and other payables	35,130
Contract liabilities	1,443
Current tax liabilities	380
Current liabilities	**113,153**

The above table sets out the Group Current Assets and Current Liabilities as at 31 December 2023.

Current assets, amounting to S$168.0 million, mainly consisted of cash balances (S$13.2 million), trade/other receivables (S$35.3 million) and inventories (S$118.9 million). Current liabilities, amounting to S$113.2 million, mainly consisted of loans/borrowings (S$72.2 million) and trade/other payables (S$35.1 million). Current Assets exceeded Current Liabilities by S$54.8 million.

In addition to cash balances, the Group's collection pattern for trade receivables has been steady at 1.5 months as at 31 December 2023. Inventories are being sold each business day. Although the majority of such sales are on credit, some sales are done on cash terms. The Group may also call on its unused banking facilities when required in its ordinary course of business. Such unused banking facilities amounted to S$47.7 million as at 31 December 2023.

Loans/borrowings and trade payables generally are on tenures ranging from 30 to 120 days but some up to 180 days. Loans/borrowings are used to finance the Group's working capital and consist mainly of trade bills and some advances from banks.

Based on the above, the Board is of the view that the Group's current assets of S$168.0 million as at 31 December 2023 supplemented by the availability to call on unused banking facilities are sufficient to meet its payment obligations in the next 12 months. The Group is carrying out its operations in the ordinary course of business and is not working within any debt repayment plan.

BY ORDER OF THE BOARD

David Chong
Managing Director

27 March 2024