TYE SOON LIMITED
Company Registration No. 195700114W

TRADING AND PERFORMANCE UPDATE

The Board of Directors of Tye Soon Limited would like to provide an update on the Group trading and performance for the three-month period ended 31 March 2020.

Group turnover decreased by 10.2% for 1Q20. Turnover was actually higher by 7.2% for YTDFeb'20 but registered a decline in March due to the emergence and the ensuing impact of the COVID-19 situation globally.

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 YTDFeb'20, a higher pace than expected, as customers responded positively to the Group's efforts. That level could not be maintained as the effects of business closures, arising from varying degrees of restrictive lockdown measures, were gradually being felt in most of the Group's markets globally. Turnover for 1Q20 ended with a decline of 20.0%, compounded by a high base in 1Q19 with a record sales month in March 2019.

The growth momentum experienced by the business in South Korea in 2H19 continued into 1Q20 with turnover higher by 11.0% in KRW terms despite dampened sentiment caused by the COVID-19 situation in February and March. The increase was a more moderate 6.6% in SGD terms.

The business in Malaysia continued to enjoy market share improvements at the start of the current year, with turnover higher by 10.5% in MYR terms for YTDFeb'20, but was stopped in its tracks when the country declared restrictive lockdown measures, the Movement Control Order, for the period from 18 March to 31 March in response to the evolving COVID-19 situation. The lockdown period has since been extended twice, the current one until 28 April. Turnover for 1Q20 saw a decline by 2.0% in MYR terms. The corresponding decline in SGD terms was 1.8%.

The business in Australia declined by 1.4% in AUD terms in 1Q20, but by a higher figure of 8.1% in SGD terms. The business had started the year on an encouraging note with average daily sales in January/February 2020 higher by 6.6% when compared to the corresponding figures in October/November 2019 (December being a shortened work month due the Christmas break). The positive momentum continued into March until restrictive lockdown measures were introduced by various states in Australia towards the end of March.

It is difficult to contemplate in depth as well as publish each possible scenario, financial or otherwise, that might turn out to be the case as there are many variables at play.

The Group has started with actions within its control and have put in place cost-saving measures in varying degrees on different cost elements, starting with salary adjustments, including a 50% reduction in the Executive Directors' pay, for the month of April. Whether these measures are scaled up or extended in time would depend on how the above-mentioned variables pan out.

One of these variables is government-driven stimuli and aid programs. Such programs include wage and other operating cost subsidies, and liquidity help. Some of these are already in place, some being rolled out in phases, others reported in the media to be under consideration. Another major variable is the uncertainty of the length of time current lockdowns, in varying degrees, will remain in force.

The Management's wishes and focus now remain on the good health of all members of staff and business partners, and the running of the daily business to navigate through the challenge arising from the COVID-19 situation.

Submitted by Mr David Chong, Managing Director on 22 April 2020.