

SLE SYNERGY LTD. AND ITS SUBSIDIARIES

**CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS - UNAUDITED
FOR THE THREE AND SIX MONTHS ENDED JUNE 30, 2020
(EXPRESSED IN SINGAPORE DOLLARS)**

SLE SYNERGY LTD. AND ITS SUBSIDIARIES

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE THREE AND SIX MONTHS ENDED JUNE 30, 2020

	Note	Three Months Ended June 30,		Six Months Ended June 30,	
		2020	2019	2020	2019
		S\$	S\$	S\$	S\$
Revenue	3	943,238	2,144,876	3,383,294	4,155,792
Cost of sales		(824,819)	(1,571,765)	(1,980,246)	(2,748,083)
Gross profit		118,419	573,111	1,403,048	1,407,709
Other income	4	175,021	60,361	250,268	60,521
Administrative expenses		(228,445)	(155,321)	(455,918)	(240,998)
Other operating expenses		(417,983)	(261,406)	(851,956)	(620,288)
Finance costs	5	(34,525)	(24,885)	(69,653)	(60,918)
Profit / (loss) before income tax		(387,513)	191,860	275,789	546,026
Income tax		53,748	(30,698)	(85,499)	(87,365)
Profit / (loss) for the period		(333,765)	161,162	190,290	458,661
Foreign currency translation differences		1,724	-	22,734	-
Total comprehensive income / (loss)		(332,041)	161,162	213,024	458,661
Profit / (loss) attributable to:					
Owner of the Company		(303,124)	161,162	265,045	458,661
Minority interest		(30,641)	-	(74,755)	-
Profit / (loss) for the period		(333,765)	161,162	190,290	458,661
Total comprehensive income / (loss) attributable to:					
Owners of the Company		(301,400)	161,162	287,779	458,661
Minority interest		(30,641)	-	(74,755)	-
Total comprehensive income / (loss) for the period		(332,041)	161,162	213,024	458,661
Net profit per share (S\$)					
- Basic / Diluted		(0.007)	0.52	0.004	1.49
Number of ordinary shares		48,552,082	308,000	48,552,082	308,000

The accompanying notes form an integral part of and should be read in conjunction with these condensed interim consolidated financial statements.

SLE SYNERGY LTD. AND ITS SUBSIDIARIES

**CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT JUNE 30, 2020 & DECEMBER 31, 2019**

	Note	June 30, 2020 (Unaudited) S\$	December 31, 2019 Audited S\$
ASSETS			
Non-current assets			
Property, plant and equipment	6	4,638,673	4,472,660
Total non-current assets		4,638,673	4,472,660
Current assets			
Contract assets	7	410,069	576,809
Trade and other receivables	8	5,337,075	4,986,237
Fixed deposit	9	500,000	500,000
Cash and cash equivalents	10	2,105,163	1,697,934
Total current assets		8,352,307	7,760,980
Total assets		12,990,980	12,233,640
EQUITY AND LIABILITIES			
Equity			
Share capital	11	3,399,403	469,403
Foreign reserves		16,875	(5,859)
Retained earnings		2,457,057	4,454,598
		5,873,335	4,918,142
Minority interest		(147,695)	(72,940)
Total equity		5,725,640	4,845,202
Non-current liability			
Interest-bearing bank loans and borrowings	12	2,856,426	3,101,150
Total non-current liability		2,856,426	3,101,150
Current liabilities			
Contract liabilities	7	117,592	-
Trade and other payables	13	1,651,930	2,488,976
Interest-bearing bank loans and borrowings	12	2,367,968	1,540,134
Income tax payable		271,424	258,178
Total current liabilities		4,408,914	4,287,288
Total liabilities		7,265,340	7,388,438
Total equity and liabilities		12,990,980	12,233,640

The accompanying notes form an integral part of and should be read in conjunction with these condensed interim consolidated financial statements.

SLE SYNERGY LTD. AND ITS SUBSIDIARIES

**CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE FINANCIAL YEAR ENDED DECEMBER 31, 2019 & SIX MONTHS PERIOD ENDED JUNE 30, 2020**

	Share Capital S\$	Retained Earnings S\$	Foreign Reserves S\$	Total S\$	Minority interest S\$	Total equity S\$
Balance at January 1, 2019	370,000	5,765,284	-	6,135,284	-	6,135,284
Issuance shares	99,403	-	-	99,403	-	99,403
Dividends declared	-	(2,000,000)	-	(2,000,000)	-	(2,000,000)
Profit for the financial year	-	689,314	-	689,314	(72,940)	616,374
Other comprehensive income: Exchange differences on translating Foreign operations	-	-	(5,859)	(5,859)	-	(5,859)
Balance at December 31, 2019	469,403	4,454,598	(5,859)	4,918,142	(72,940)	4,845,202
Issuance shares	630,000	-	-	630,000	-	630,000
Issuance shares – Shares exchange	2,300,000	-	-	2,300,000	-	2,300,000
Cost of acquisition, share issuance	-	(2,262,586)	-	(2,262,586)	-	(2,262,586)
Profit for the financial year	-	265,045	-	265,045	(74,755)	190,290
Other comprehensive income: Exchange differences on translating Foreign operations	-	-	22,734	22,734	-	22,734
Balance at June 30, 2020	3,399,403	2,457,057	16,875	5,873,335	(147,695)	5,725,640

The accompanying notes form an integral part of and should be read in conjunction with these condensed interim consolidated financial statements.

SLE SYNERGY LTD. AND ITS SUBSIDIARIES

**CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE FINANCIAL PERIOD ENDED JUNE 30, 2020 & JUNE 30, 2019**

	<u>Note</u>	<u>Six Months Ended June 30, 2020</u> S\$	<u>Six Months Ended June 30, 2019</u> S\$
Operating activities			
Profit before income tax		275,789	546,026
Adjustments for:			
Depreciation	6	63,272	-
Interest expense	5	69,653	60,917
Interest income	4	(120,004)	(60,511)
Unrealised exchange gain		23,133	-
Operating cash flows before movements in working capital		311,843	546,432
Changes in working capital:			
Contract assets		166,740	726,991
Trade and other receivables		(350,321)	843,728
Contract liabilities		117,592	(827,226)
Trade and other payables		(837,046)	(1,634,864)
Cash generated from operating activities		(591,192)	(344,939)
Interest received		120,004	60,511
Income tax paid		(34,839)	(921,880)
Net cash (used in)/generated from operating activities		<u>(506,027)</u>	<u>(1,206,308)</u>
Investing activities			
Purchase of plant and equipment	6	(229,285)	(9,497)
Net cash (used in)/generated from investing activities		<u>(229,285)</u>	<u>(9,497)</u>
Financing activities			
Issuance of shares	11	630,000	-
Drawdown/(repayment) of interest-bearing loans and borrowings		583,110	(1,250,105)
Interest paid		(69,653)	(60,917)
Net cash (used in)/generated from financing activities		<u>1,143,457</u>	<u>(1,311,022)</u>
Net (decrease)/increase in cash and cash equivalents		408,145	(2,526,827)
Effect of currency translation on cash and cash equivalents		(916)	-
Cash and cash equivalents at beginning of financial year		1,697,934	5,119,555
Cash and cash equivalents at end of financial year	10	<u><u>2,105,163</u></u>	<u><u>2,592,728</u></u>

The accompanying notes form an integral part of and should be read in conjunction with these condensed interim consolidated financial statements.

SLE SYNERGY LTD. AND ITS SUBSIDIARIES

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS

These notes form an integral part of and should be read in conjunction with the accompanying condensed interim consolidated financial statements.

1. General

SLE Synergy Ltd. (the "Company") was incorporated on September 16, 2019 under the laws of the Province of British Columbia, Canada by a Certificate of Incorporation issued pursuant to the provisions of the Business Corporations Act (British Columbia) and changed its name from 1223423 B.C. Ltd. to SLE Synergy Ltd. on December 23, 2019. The Company's head office and principal address is Suite 1570 – 505 Burrard Street, Vancouver BC, V6E 3P3. The registered and records office is 1500-1055 West Georgia Street, Vancouver, BC, V6E 4N7.

The operation subsidiary Springleaf Engineering Pte. Ltd. (the "Company") (Registration Number: 201229604E) is incorporated and domiciled in Singapore with its registered and principal place of business located at 421 Tagore Industrial Avenue, #01-28 Tagore 8, Singapore 787805.

The principal activities of the Company are to carry on engineering activities. The Company currently operates in Singapore, Myanmar (Branch) and China.

The condensed interim consolidated financial statements were authorized for issuance by the Board of Directors on October 15, 2020.

2. Summary of significant accounting policies

2.1 Basis of preparation

These condensed interim consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") issued by International Accounting Standards Board ("IASB") and the interpretations issued by the International Financial Reporting Interpretations Committee ("IFRIC"). The principal accounting policies applied in the preparation of these interim consolidated financial statements, including International Accounting Standards ("IAS") 34, Interim Financial Reporting are set out below. These policies have been consistently applied to all years presented, unless otherwise stated.

The notes presented in these condensed interim consolidated financial statements include only significant events and transactions occurring since the Group's last financial year end and they do not include all of the information required in the Group's most recent consolidated financial statements. Except as noted below, these condensed interim consolidated financial statements follow the same accounting policies and methods of application as the Group's most recent consolidated financial statements and should be read in conjunction with the Group's financial statement for the year ended December 31, 2019, which were prepared in accordance with IFRS as issued by IASB. There have been no significant changes in the judgement and estimates from those disclosed in the consolidated financial statements for the year ended December 31, 2018.

The condensed interim consolidated financial statements of the Group are measured and presented in the currency of the primary economic environment in which the entity operates (its functional currency). The condensed interim consolidated financial statements of the Group are presented in Singapore dollar (the "SGD" or "S\$") which is also the functional currency of the Company, unless otherwise indicated.

In the current financial year, the Group has adopted all the new and revised IASs, IFRSs and IFRICs that are relevant to its operations and effective for the current financial year. The adoption of these new and revised IFRSs and IFRICs did not result in changes to the Group's accounting policies and has no material effect on the amounts reported for the current or prior years.

The Group has adopted the new IFRS pronouncement as at January 1, 2019 in accordance with the transitional provisions of the standard and as described below. The adoption of this new IFRS pronouncement has not resulted in any adjustments to previously reported figures.

SLE SYNERGY LTD. AND ITS SUBSIDIARIES

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS

2. Summary of significant accounting policies (Continued)

2.1 Basis of preparation (Continued)

IFRS 16 Leases

IFRS 16 supersedes IAS 17 *Leases*, IFRIC 4 *Determining whether an Arrangement contains a Lease*, SIC-15 *Operating Leases – Incentives*, and SIC-27 *Evaluating the Substance of Transactions Involving the Legal Form of a Lease* to set out the principles for the recognition, measurement, presentation and disclosure of leases. The changes introduced by IFRS 16 will primarily affect the financial statements of the lessees.

IFRS 16 requires, with limited exceptions, the lessee to recognise, at initial recognition, lease liabilities, measured at the present value of lease payments that are not paid as of that date to reflect the present value of the future lease payments, and right-of-use assets at cost, comprising elements including the amount of the initial measurement of the lease liabilities, initial direct costs incurred by the lessee and estimates of other contracted costs to be incurred by the lessee, for its lease contracts. Leases of “low-value” assets and qualifying short-term leases entered into by lessees can be exempted from the new recognition criteria.

On January 1, 2019, the Group adopted this standard and there was no material impact on the Group’s condensed interim consolidated financial statements as the Group has no material lease contracts that fall under IFRS 16.

IASs, IFRSs and IFRICs issued but not yet effective

At the date of authorization of these consolidated financial statements, the following IASs, IFRSs and IFRICs were issued but not yet effective:

IASs, IFRSs and IFRICs	Title	Effective date (annual periods beginning on or after)
IAS 1, IAS 8	Amendments to IAS and IAS 8: <i>Definition of Material</i>	January 1, 2020
IFRS 3	Amendments to IFRS 3: <i>Definition of a Business</i>	January 1, 2020
IFRS 10, IAS 28	Amendments to IFRS 10 and IAS 28: <i>Sale or Contribution of Assets between an Investor and its Associate or Joint Venture</i>	To be determined
Various	Amendments to References to the Conceptual Framework in IFRS Standards Amendments to illustrative examples, implementation guidance and IFRS practice statements	January 1, 2020

Consequential amendments were also made to various standards as a result of these new or revised standards.

The Group has not early adopted any of the above new or revised standards, interpretations and amendments to the existing standards in the financial year ended December 31, 2018. Management anticipates that the adoption of the aforementioned new or revised standards will not have a material impact on the financial statements of the Group and Company in the period of their initial adoption.

2. Summary of significant accounting policies (Continued)

2.2 Basis of consolidation

The consolidated financial statements of the Group comprise the financial statements of the Company and its subsidiaries. Subsidiaries are entities (including structured entities) (i) over which the Group has power and the Group is (ii) able to use such power to (iii) affect its exposure, or rights, to variable returns from then through its involvement with them.

The Group reassesses whether it controls the subsidiaries if facts and circumstance indicate that there are changes to the one or more of the three elements of control.

When the Group has less than a majority of the voting rights of an investee, it still has power over the investee when the voting rights are sufficient, after considering all relevant facts and circumstances, to give it the practical ability to direct the relevant activities of the investee unilaterally. The Group considers, among others, the extent of its voting rights relative to the size and dispersion of holdings of the other vote holders, currently exercisable substantive potential voting rights held by all parties, rights arising from contractual arrangements and voting patterns at previous shareholders' meetings.

Subsidiaries are consolidated from the date on which control is transferred to the Group up to the effective date on which control ceases, as appropriate.

Intra-group assets and liabilities, equity, income, expenses and cashflows relating to intragroup transactions are eliminated on consolidation.

The financial statements of the subsidiaries used in the preparation of the financial statements are prepared for the same reporting date as that of the Company. Where necessary, accounting policies of subsidiaries have been changed to ensure consistency with the policies adopted by the Group.

Non-controlling interests are identified separately from the Group's equity therein. On an acquisition-by-acquisition basis, non-controlling interests may be initially measured either at fair value or at their proportionate share of the fair value of the acquiree's identifiable net assets. Subsequent to acquisition, the carrying amount of non-controlling interests is the amount of those interests at initial recognition plus the non-controlling interests' share of subsequent changes in equity. Losses in the subsidiary are attributed to non-controlling interests even if this results in the non-controlling interests having a deficit balance.

Changes in the Group's interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions. Any differences between the amount by which the non-controlling interests are adjusted to reflect the changes in the relative interests in the subsidiary and the fair value of the consideration paid or received is recognised directly in equity and attributed to the owners of the Company.

When the Group loses control over a subsidiary, the profit or loss on disposal is calculated as the difference between (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest and (ii) the previous carrying amount of the assets (including goodwill), and liabilities of the subsidiary and any non-controlling interests. Amounts previously recognised in other comprehensive income in relation to the subsidiary are accounted for (i.e. reclassified to profit or loss or transferred directly to accumulated profits) in the same manner as would be required if the relevant assets or liabilities were disposed of. The fair value of any investments retained in the former subsidiary at the date when control is lost is regarded as the fair value on initial recognition for subsequent accounting under SFRS(I) 9 Financial Instruments or, when applicable, the cost on initial recognition of an investment in an associate or jointly controlled entity.

SPRINGLEAF ENGINEERING PTE. LTD. AND ITS SUBSIDIARIES

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

3. Revenue

	Three Months Ended June 30,		Six Months Ended June 30,	
	2020	2019	2020	2019
	S\$	S\$	S\$	S\$
Contracts with customers	102,116	1,343,255	1,550,640	2,431,502
Service and maintenance	834,774	793,196	1,821,176	1,715,215
Trading	6,348	8,425	11,478	9,075
Total revenue	943,238	2,144,876	3,383,294	4,155,792

4. Other income

	Three Months Ended June 30,		Six Months Ended June 30,	
	2020	2019	2020	2019
	S\$	S\$	S\$	S\$
Interest income	60,003	60,361	120,004	60,511
Incentive rebate	76,541	-	76,787	10
Rental income	29,500	-	44,500	-
Foreign exchange gain, net	8,977	-	8,977	-
Total	175,021	60,361	250,268	60,521

5. Finance costs

	Three Months Ended June 30,		Nine Months Ended June 30,	
	2020	2019	2020	2019
	S\$	S\$	S\$	S\$
Interest on bank loans and borrowings	34,525	24,474	69,653	60,096
Interest on hire purchase	-	411	-	822
Total	34,525	24,885	69,653	60,918

SPRINGLEAF ENGINEERING PTE. LTD. AND ITS SUBSIDIARIES

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

6. Property, plant and equipment

	<u>Office equipment</u> S\$	<u>Plant & machinery</u> S\$	<u>Furniture & fittings</u> S\$	<u>Motor vehicles</u> S\$	<u>Freehold property</u> S\$	<u>Work-in-progress</u> S\$	<u>Total</u> S\$
Cost							
At January 1, 2019	191,707	30,000	265,164	230,025	1,638,360	-	2,355,256
Additions	12,246	112,824	7,330	-	1,797,100	1,008,820	2,938,320
At December 31, 2019	203,953	142,824	272,494	230,025	3,435,460	1,008,820	5,293,576
Additions	2,658	20,122	-	-	-	206,505	229,285
At June 30, 2020	206,611	162,946	272,494	230,025	3,435,460	1,215,325	5,522,861
		-					
Accumulated depreciation							
At January 1, 2019	164,311	30,000	190,740	163,842	33,000	-	581,893
Depreciation	22,699	34,250	76,003	48,508	57,563	-	239,023
At December 31, 2019	187,010	64,250	266,743	212,350	90,563	-	820,916
Depreciation	6,873	17,125	1,654	8,838	28,782	-	63,272
At June 30, 2020	193,883	81,375	268,397	221,188	119,345	-	884,188
Carrying amount							
At June 30, 2020	12,728	81,571	4,097	8,837	3,316,115	1,215,325	4,638,673
At December 31, 2019	16,943	78,574	5,751	17,675	3,344,897	1,008,820	4,472,660

SPRINGLEAF ENGINEERING PTE. LTD. AND ITS SUBSIDIARIES

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

7. Contract assets and liabilities from contract with customers

	<u>June 30,</u> <u>2020</u> S\$	<u>December</u> <u>31, 2019</u> S\$
Contract assets		
Unbilled revenue	410,069	576,809
Contract liabilities		
Advance consideration	117,592	-

The unbilled revenue relates to the revenue recognized to date but has not been invoiced to the customer as at the financial period/year end and is transferred to trade receivables at the point when it is invoiced to the customers.

Advance consideration relates to advances received for provision of engineering services. Revenue for installation services is recognized over time although the customer pays for the services at the contract inception date. A contract liability is recognized for the advances received from the customers and is derecognized as and when the performance obligation is satisfied.

There is no significant change in the contract assets balances during the reporting period. Contract liabilities for the financial period ended June 30, 2020 decreased due to less advances received from the engineering services contracts during the financial period.

8. Trade and other receivables

	<u>June 30,</u> <u>2020</u> S\$	<u>December</u> <u>31, 2019</u> S\$
Trade receivables	1,210,185	1,637,055
Other receivables	2,587,372	1,498,352
	<u>3,797,557</u>	<u>3,135,407</u>
Deposits	1,383,522	1,681,976
Prepayments	155,996	168,854
Total	<u>5,337,075</u>	<u>4,986,237</u>

Trade receivables are non-interest bearing and the average credit period is 30 ~ 60 days (2019: 30) days according to the terms agreed with the customers. They are recognized at their original invoice amounts which represent their fair values on initial recognition.

Included in the other receivables is a loan to a supplier, with an carrying amount as at June 30, 2020 was S\$1,120,000 (2019: S\$1,040,000). The loan is unsecured and bears interest 2% per month. The loan will be due on June 30, 2020.

Included in the other receivables consists of Keyman insurance purchased where the proposer as well as the premium payer is the Company. The life to be insured is that of the Company's key employee and the benefit, in case of a claim, goes to the Company. As at June 30, 2020, the fair value of the investment amounting to \$458,352 is based on the guaranteed cash surrender value as agreed in the insurance policy.

SPRINGLEAF ENGINEERING PTE. LTD. AND ITS SUBSIDIARIES

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

9. Fixed deposit

The fixed deposit is pledged to bank as security for banking facilities extended to the Group. It has a maturity period of 366 days and bears an interest of 1.4% per annum.

10. Cash and cash equivalents

	<u>June 30, 2020</u> S\$	<u>December 31, 2019</u> S\$
Cash on hand	1,387	8,529
Bank balances	<u>2,103,776</u>	<u>1,689,405</u>
	<u>2,105,163</u>	<u>1,697,934</u>

11. Share capital

	<u>June 30, 2020</u>		<u>December 31, 2019</u>	
	Number of shares	S\$	Number of shares	S\$
<u>Issued and fully paid</u>				
At beginning of year	338,495	469,403	308,000	370,000
Issued shares	11,815	630,000	30,495	99,403
Issuance shares –				
Shares exchange	<u>48,201,772</u>	<u>2,300,000</u>	-	-
At end of financial year	<u>48,552,082</u>	<u>3,399,403</u>	<u>338,495</u>	<u>469,403</u>

On August 23, 2019, the Company has received a sum of S\$99,403 from the Ordinary shareholder in accordance with an allotment of 30,495 Ordinary shares.

On January 3, 2020, the Company completed a non-brokered private placement, raising aggregate gross proceeds of S\$630,000 through the issuance of 11,815 ordinary shares, at an average price of S\$53.32 per share.

On May 8, 2020, the Company completed a shares exchange and issuance shares for listing purpose.

Fully paid ordinary shares carry one vote per share and carry a right to dividends as and when declared by the Company. All issued ordinary shares are fully paid. There are no par values for these ordinary shares.

12. Interest-bearing bank loans and borrowings

	<u>June 30, 2020</u> S\$	<u>December 31, 2019</u> S\$
Bank term loans and borrowings	5,224,394	4,641,284
Less: Amount due for settlement within 12 months (shown under current liabilities)	<u>2,367,968</u>	<u>1,540,134</u>
Amount due for settlement after 12 months	<u>2,856,426</u>	<u>3,101,150</u>

SPRINGLEAF ENGINEERING PTE. LTD. AND ITS SUBSIDIARIES**NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS**

12. Interest-bearing bank loans and borrowings (Continued)

The bank term loans are secured by the following:

- (i) Joint and personal guarantees by the directors of the Company.
- (ii) Mortgage over property located at 421 Tagore Industrial Avenue #01-28 Tagore 8 Singapore 787805.
- (iii) Mortgage over property located at 31 Bukit Batok Crescent #01-19 Singapore 658070.

The Group's bank term loans and borrowings has an effective interest rate of 4.10% (2019: 4.10%) and were denominated in Singapore dollars as at the reporting date.

13. Trade and other payables

	<u>June</u> <u>30, 2020</u> S\$	<u>December</u> <u>31, 2019</u> S\$
Trade payables	553,367	622,705
Dividends payable	700,000	700,000
Accruals	274,375	477,437
GST payables	78,512	40,598
Deposit received	25,000	645,000
Other payables	20,676	3,236
	<u>1,651,930</u>	<u>2,488,976</u>

Trade payables are non-interest bearing and the average credit period on purchases of goods ranges from 30 to 60 (2019: 30 to 60) days according to the terms agreed with the suppliers. Trade and other payables are denominated in Singapore dollar.

14. Dividends declared and paid

	<u>June</u> <u>30, 2020</u> S\$	<u>December</u> <u>31, 2019</u> S\$
Interim tax exempt (one-tier) dividend of Nil (2019: S\$5.91) per share in respect of the financial year then ended	<u>-</u>	<u>2,000,000</u>

15. Operating lease commitment – as lessee

At the end of the reporting date, no operating lease commitment.

16. Significant related party transactions

A related party is defined as follows:

- (i) A person or a close member of that person's family is related to the Company if that person:
 - (i) Has control or joint control over the Company;
 - (ii) Has significant influence over the Company; or
 - (iii) Is a member of the key management personnel of the Company or of a parent of the Company.

16. Significant related party transactions (Continued)

- (ii) An entity is related to the Company if any of the following conditions applies:
- (i) The entity and the Company are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others).
 - (ii) One entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member).
 - (iii) Both entities are joint ventures of the same third party.
 - (iv) One entity is a joint venture of a third entity and the other entity is an associate of the third entity.
 - (v) The entity is a post-employment benefit plan for the benefit of employees of either the Company or an entity related to the Company. If the Company is itself such a plan, the sponsoring employers are also related to the Company.
 - (vi) The entity is controlled or jointly controlled by a person identified in (a);
 - (vii) A person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity).
 - (viii) The entity, or any member of a group of which it is a part, provides key management personnel services to the reporting entity or to the parent of the reporting entity.

The effect of the Company's transactions and arrangements with related parties is reflected in these consolidated financial statements. The balances are unsecured, interest-free and repayable on demand.

Key management personnel:

	Three Months Ended June 30,		Six Months Ended June 30,	
	2020	2019	2020	2019
	S\$	S\$	S\$	S\$
Directors' remuneration	51,300	50,700	102,600	101,400
Central Provident Fund	6,120	6,120	12,240	12,240
Total	57,420	56,820	114,840	113,640

17. Capital management policies and objectives

The Company manages its capital to ensure that the Company is able to continue as a going concern while maximizing the return to stakeholders through optimization of debt and equity balance.

The capital structure of the Company consists equity attributable to owners of the Company, comprising issued share capital and unappropriated profit as disclosed in the statements of changes in equity.

The Company's management reviews the capital structure on a regularly basis. As part of this review, management considers the cost of capital and the risks associated with each class of capital. Upon review, the Company will balance its overall capital structure through the payment of dividends to shareholders and return capital to shareholders or issue new shares. The Company's overall strategy remains unchanged from December 31, 2019.

18. Subsequent event

There were no subsequent events to report.