

**SPRINGLEAF ENGINEERING PTE. LTD. AND ITS SUBSIDIARIES**  
(Registration Number: 201229604E)

**CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS - UNAUDITED**  
**FOR THE THREE MONTHS ENDED MARCH 31, 2020**  
**(EXPRESSED IN SINGAPORE DOLLARS)**

**SPRINGLEAF ENGINEERING PTE. LTD. AND ITS SUBSIDIARIES**

**CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE THREE MONTHS ENDED MARCH 31, 2020**

	Note	Three Months Ended March 31,	
		2020	2019
		S\$	S\$
Revenue	3	2,440,056	2,010,916
Cost of sales		(1,155,427)	(1,176,318)
<b>Gross profit</b>		<b>1,283,629</b>	834,598
Other income	4	75,247	160
Administrative expenses		(227,473)	(85,677)
Other operating expenses		(433,973)	(358,882)
Finance costs	5	(35,128)	(36,033)
<b>Profit before income tax</b>		<b>663,303</b>	354,166
Income tax		(139,247)	(56,667)
<b>Profit for the period</b>		<b>524,056</b>	297,499
Foreign currency translation differences		21,010	-
<b>Total comprehensive income</b>		<b>545,066</b>	297,499
<b>Profit attributable to:</b>			
Owner of the Company		568,170	297,499
Minority interest		(44,114)	-
<b>Profit for the period</b>		<b>524,056</b>	297,499
<b>Total comprehensive income attributable to:</b>			
Owners of the Company		589,180	297,499
Minority interest		(44,114)	-
<b>Total comprehensive income for the period</b>		<b>545,066</b>	297,499
<b>Net profit per share (S\$)</b>			
- Basic / Diluted		1.56	0.97
Number of ordinary shares		350,310	308,000

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

**SPRINGLEAF ENGINEERING PTE. LTD. AND ITS SUBSIDIARIES**

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

	Note	March 31, 2020 (Unaudited) S\$	December 31, 2019 Audited S\$
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment	6	4,660,655	4,472,660
<b>Total non-current assets</b>		4,660,655	4,472,660
<b>Current assets</b>			
Contract assets	7	648,569	576,809
Trade and other receivables	8	6,296,329	4,986,237
Fixed deposit	9	500,000	500,000
Cash and cash equivalents	10	1,542,057	1,697,934
<b>Total current assets</b>		8,986,955	7,760,980
<b>Total assets</b>		13,647,610	12,233,640
<b>EQUITY AND LIABILITIES</b>			
<b>Equity</b>			
Share capital	11	1,099,403	469,403
Foreign reserves		15,151	(5,859)
Retained earnings		5,022,768	4,454,598
		6,137,322	4,918,142
Minority interest		(117,054)	(72,940)
<b>Total equity</b>		6,020,268	4,845,202
<b>Non-current liability</b>			
Interest-bearing bank loans and borrowings	12	3,056,635	3,101,150
<b>Total non-current liability</b>		3,056,635	3,101,150
<b>Current liabilities</b>			
Contract liabilities	7	173,254	-
Trade and other payables	13	2,086,486	2,488,976
Interest-bearing bank loans and borrowings	12	1,985,795	1,540,134
Income tax payable		325,172	258,178
<b>Total current liabilities</b>		4,570,707	4,287,288
<b>Total liabilities</b>		7,627,342	7,388,438
<b>Total equity and liabilities</b>		13,647,610	12,233,640

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

**SPRINGLEAF ENGINEERING PTE. LTD. AND ITS SUBSIDIARIES**

**CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY  
FOR THE FINANCIAL YEAR ENDED DECEMBER 31, 2019 & THREE MONTHS PERIOD ENDED MARCH 31, 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
Dividends declared	-	-	-	-	-	-
Profit for the financial year	-	568,170	-	568,170	(72,940)	524,056
Other comprehensive income: Exchange differences on translating Foreign operations	-	-	21,010	21,010	-	21,010
Balance at March 31, 2020	1,099,403	5,022,768	15,151	6,137,322	(117,054)	6,020,268

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

**SPRINGLEAF ENGINEERING PTE. LTD. AND ITS SUBSIDIARIES**

**CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS  
FOR THE FINANCIAL PERIOD ENDED MARCH 31, 2020 & MARCH 31, 2019**

	<u>Note</u>	<u>Three Months Ended March 31, 2020 S\$</u>	<u>Three Months Ended March 31, 2019 S\$</u>
<b>Operating activities</b>			
Profit before income tax		663,303	354,166
Adjustments for:			
Depreciation	6	39,168	-
Interest expense	5	35,128	36,033
Interest income	4	(60,001)	(160)
Unrealised exchange gain		22,857	-
Operating cash flows before movements in working capital		700,455	390,039
Changes in working capital:			
Contract assets		(71,760)	726,991
Trade and other receivables		(1,309,575)	2,458,525
Contract liabilities		173,254	(827,226)
Trade and other payables		(402,490)	(1,647,726)
Cash generated from operating activities		(910,116)	1,100,603
Interest received		60,001	160
Income tax paid		(72,254)	(245,603)
<b>Net cash (used in)/generated from operating activities</b>		<u>(922,369)</u>	<u>855,160</u>
<b>Investing activities</b>			
Purchase of plant and equipment	6	(227,163)	(7,538)
<b>Net cash (used in)/generated from investing activities</b>		<u>(227,163)</u>	<u>(7,538)</u>
<b>Financing activities</b>			
Issuance of shares	11	630,000	-
Repayment of finance lease payable		-	(5,927)
Drawdown/(repayment) of interest-bearing loans and borrowings		401,148	(1,337,539)
Interest paid		(35,128)	(36,033)
<b>Net cash (used in)/generated from financing activities</b>		<u>996,020</u>	<u>(1,379,499)</u>
<b>Net (decrease)/increase in cash and cash equivalents</b>		(153,512)	(531,877)
Effect of currency translation on cash and cash equivalents		(2,365)	-
Cash and cash equivalents at beginning of financial year		1,697,934	5,119,555
<b>Cash and cash equivalents at end of financial year</b>	10	<u>1,542,057</u>	<u>4,587,678</u>

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

## **SPRINGLEAF ENGINEERING PTE. LTD. AND ITS SUBSIDIARIES**

### **NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS**

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

#### **1. General**

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 principal activities of the subsidiaries are to carry on engineering services, provide waste management solutions in China.

The condensed interim consolidated financial statements were authorized for issuance by the Board of Directors on July 13, 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, 2019.

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.

## SPRINGLEAF ENGINEERING PTE. LTD. AND ITS SUBSIDIARIES

### NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS

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#### 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, 2019. 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 March 31,	
	2020	2019
	S\$	S\$
Contracts with customers	1,448,524	1,088,247
Service and maintenance	986,402	922,019
Trading	5,130	650
<b>Total revenue</b>	<b>2,440,056</b>	<b>2,010,916</b>

4. Other income

	Three Months Ended March 31,	
	2020	2019
	S\$	S\$
Interest income	60,001	10
Incentive rebate	246	150
Rental income	15,000	-
<b>Total</b>	<b>75,247</b>	<b>160</b>

5. Finance costs

	Three Months Ended March 31,	
	2020	2019
	S\$	S\$
Interest on bank loans and borrowings	35,128	35,622
Interest on hire purchase	-	411
<b>Total</b>	<b>35,128</b>	<b>36,033</b>

**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 &amp; machinery</u> S\$	<u>Furniture &amp; fittings</u> S\$	<u>Motor vehicles</u> S\$	<u>Freehold property</u> S\$	<u>Work-in-progress</u> S\$	<u>Total</u> S\$
<b>Cost</b>							
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	536	20,122	-	-	-	206,505	227,163
At March 31, 2020	204,489	162,946	272,494	230,025	3,435,460	1,215,325	5,520,739
		-					
<b>Accumulated depreciation</b>							
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	3,260	8,563	827	12,127	14,391	-	39,168
At March 31, 2020	190,270	72,813	267,570	224,477	104,954	-	860,084
<b>Carrying amount</b>							
At March 31, 2020	14,129	90,133	4,924	5,548	3,330,506	1,215,325	4,660,655
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>March</u> <u>31, 2020</u> S\$	<u>December</u> <u>31, 2019</u> S\$
<b>Contract assets</b>		
Unbilled revenue	<u>648,569</u>	<u>576,809</u>
<b>Contract liabilities</b>		
Advance consideration	<u>173,254</u>	<u>-</u>

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.

**8. Trade and other receivables**

	<u>March</u> <u>31, 2020</u> S\$	<u>December</u> <u>31, 2019</u> S\$
Trade receivables	2,265,749	1,637,055
Other receivables	<u>3,735,962</u>	<u>1,498,352</u>
	6,001,711	3,135,407
Deposits	1,385,622	1,681,976
Prepayments	155,996	168,854
Advance payment to suppliers		
Total	<u>6,296,329</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 March 31, 2020 was S\$1,100,000 (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 March 31, 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.

**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.

**SPRINGLEAF ENGINEERING PTE. LTD. AND ITS SUBSIDIARIES**

**NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS**

**10. Cash and cash equivalents**

	<u>March</u> <u>31, 2020</u> S\$	<u>December</u> <u>31, 2019</u> S\$
Cash on hand	2,035	8,529
Bank balances	1,540,022	1,689,405
	<u>1,542,057</u>	<u>1,697,934</u>

**11. Share capital**

	<u>March 31, 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
At end of financial year	<u>350,310</u>	<u>1,099,403</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.

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>March</u> <u>31, 2020</u> S\$	<u>December</u> <u>31, 2019</u> S\$
Bank term loans and borrowings	5,042,430	4,641,284
Less: Amount due for settlement within 12 months (shown under current liabilities)	1,985,795	1,540,134
Amount due for settlement after 12 months	<u>3,056,635</u>	<u>3,101,150</u>

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% (2018: 4.10%) and were denominated in Singapore dollars as at the reporting date.

**SPRINGLEAF ENGINEERING PTE. LTD. AND ITS SUBSIDIARIES**

**NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS**

**13. Trade and other payables**

	<u>March</u> <u>31, 2020</u> S\$	<u>December</u> <u>31, 2019</u> S\$
Trade payables	425,124	622,705
Dividends payable	700,000	700,000
Accruals	560,342	477,437
GST payables	175,237	40,598
Deposit received	15,000	645,000
Other payables	210,783	3,236
	<u>2,086,486</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**

	<u>March</u> <u>31, 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.
- (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.

## SPRINGLEAF ENGINEERING PTE. LTD. AND ITS SUBSIDIARIES

### NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

#### 16. Significant related party transactions (Continued)

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 March 31,	
	2020	2019
	S\$	S\$
Directors' remuneration	51,300	50,700
Central Provident Fund	6,120	6,120
<b>Total</b>	<b>57,420</b>	<b>56,820</b>

#### 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 March 31, 2019.

#### 18. Subsequent event

- i. On April 20, 2020, the CSE issued SLE Synergy Ltd., ("SLE") its conditional approval letter to SLE to list the common shares on the CSE upon closing of the transaction.
- ii. On May 8, 2020, pursuant to the Share Exchange Agreement (the "Share Exchange Agreement") dated January 30, 2020, with SLE Synergy Ltd., ("SLE") a company incorporated in British Columbia, the Company exchange 350,310 Common shares to SLE, results as at date of this interim financial statement the Company become a wholly-owned subsidiary of SLE.
- iii. On May 11, 2020, the long form prospectus of SLE being filed with British Columbia Securities Commission for the purposes becoming a reporting issuer pursuant to applicable securities legislation in the Province of British Columbia.
- iv. On June 8, 2020, SLE announces that it has received final approval from CSE and SLE's common shares will commence trading on the CSE under the symbol "SLE".
- v. The outbreak of the COVID-19, which started in late January 2020 in Wuhan, China has now become a global pandemic. Financial markets all over the world have fallen hard in recent weeks. Measures to curb the spread of the virus, including lockdowns and movement restrictions have significant negative economic and social impacts as normal daily activities are being disrupted. Therefore, it is challenging now to predict the full extent and duration of its business and economic impact.

**18. Subsequent event (Continued)**

- a. The extent and duration of such impacts remain uncertain and dependent on future developments that cannot be accurately predicted at this time, such as the transmission rate of COVID-19 and the extent and effectiveness of containment actions taken. Given the ongoing economic uncertainty, a reliable estimate of the impact cannot be made at the date of authorisation of these financial statements. These developments could impact our future financial results, cash flows and financial condition.
- b. Our operations in Singapore and China though far been free from Convid-19 incidents but the movement restrictions imposed by the Chinese government in early February has slow down our China operations. Singapore government started to impose Circuit Breaker Period in early of April, however our Singapore operation has yet to suffer the direct impact as we are still receiving orders from our clients as of to date. Singapore operation granted exemption to continue operate during this Circuit Breaker Period as most of our clients are under essential services sector.
- c. Our operations, cash flows and financial condition could be negatively affected due to the following:
  - i. if employees are quarantined as the result of exposure to COVID-19, this could result to disruption of operations;
  - ii. the impact on the Singapore economic environment and Company's debtors will have to be taken into account in the Company's estimates of ECL provision in financial year 2020; and
  - iii. similarly, travel restrictions or operational issues resulting from the rapid spread of COVID-19 may have material adverse effect on our business and results of operations.