



## **SMILE-LINK HEALTHCARE GLOBAL BERHAD**

(Company No. 1254469-U)

(Incorporated in Malaysia under the Companies Act 2016)

### **FINANCIAL STATEMENTS FOR THE 2ND HALF-YEAR ENDED 31 DECEMBER 2019**

CHARACTERISTICS OF THE LEAP MARKET OF BURSA MALAYSIA SECURITIES BERHAD ("BURSA SECURITIES")

THE LEAP MARKET HAS BEEN POSITIONED AS A MARKET DESIGNED TO ACCOMMODATE CORPORATIONS TO WHICH A HIGHER INVESTMENT RISK MAY BE ATTACHED THAN OTHER CORPORATIONS LISTED ON THE ACE MARKET OR MAIN MARKET OF BURSA SECURITIES. IT IS A QUALIFIED MARKET WHICH IS MEANT MAINLY FOR SOPHISTICATED INVESTORS ONLY. ONLY EXISTING SECURITIES HOLDERS AND SOPHISTICATED INVESTORS ARE ALLOWED TO PARTICIPATE IN CORPORATE EXERCISES UNDERTAKEN BY SMILE-LINK HEALTHCARE GLOBAL BERHAD ("SLHGB" OR THE "COMPANY"). SOPHISTICATED INVESTOR SHOULD BE AWARE OF THE POTENTIAL RISKS OF INVESTING IN SUCH CORPORATIONS AND SHOULD MAKE THE DECISION TO INVEST ONLY AFTER DUE AND CAREFUL CONSIDERATION.

**SMILE-LINK HEALTHCARE GLOBAL BERHAD (Company No: 1254469-U)**  
**(Incorporated in Malaysia)**

**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION**  
**AS AT 31 DECEMBER 2019**

|   | <b>UNAUDITED</b><br><b>As at</b><br><b>31.12.2019</b><br><b>RM'000</b> | <b>AUDITED</b><br><b>As at</b><br><b>31.12.2018</b><br><b>RM'000</b> |
|---|--|--|
| <b>ASSETS</b>   |  |  |
| <b>NON-CURRENT ASSETS</b>   |  |  |
| Plant and Equipment   | 14,500   | 9,220  |
| Goodwill  | 9,798  | 6,172  |
| Total non-current assets  | <u>24,298</u>  | <u>15,392</u>  |
| <b>CURRENT ASSETS</b>   |  |  |
| Inventories   | 3,647  | 2,241  |
| Trade and Others Receivables  | 5,406  | 2,871  |
| Current Tax Assets  | 762  | 838  |
| Fixed Deposit with licensed bank                                    | 3,500  | 300  |
| Cash and Cash Equivalents   | 2,191  | 2,726  |
| Total current assets  | <u>15,506</u>  | <u>8,976</u>   |
| <b>TOTAL ASSETS</b>   | <b><u>39,804</u></b>   | <b><u>24,368</u></b>   |
| <b>EQUITY AND LIABILITIES</b>                                       |  |  |
| <b>EQUITY</b>   |  |  |
| <b>Equity attributable to owners of the owners of the Company:-</b> |  |  |
| Share Capital   | 31,439   | 17,093   |
| Retained Profit   | 4,203  | 2,168  |
|   | <u>35,642</u>  | <u>19,261</u>  |
| Non-controlling interest  | -  | -  |
| <b>TOTAL EQUITY</b>   | <u>35,592</u>  | <u>19,261</u>  |
| <b>LIABILITIES</b>  |  |  |
| <b>NON-CURRENT LIABILITIES</b>                                      |  |  |
| Deferred tax liabilities  | 262  | 265  |
| Long terms borrowings   | 804  | 2,029  |
| Total non-current liabilities                                       | <u>1,066</u>   | <u>2,294</u>   |
| <b>CURRENT LIABILITIES</b>  |  |  |
| Trade and Other Payables  | 2,229  | 1,411  |
| Current tax liabilities   | 137  | 80   |
| Short terms borrowings  | 780  | 1,322  |
| Total current liabilities   | <u>3,146</u>   | <u>2,813</u>   |
| <b>TOTAL LIABILITIES</b>  | 4,212  | 5,107  |
| <b>TOTAL EQUITY AND LIABILITIES</b>                                 | <b><u>39,804</u></b>   | <b><u>24,368</u></b>   |
| Net Assets per share (sen)  | 3.55   | 2.25   |

**Notes:**

- 1 This unaudited Condensed Consolidated Statement of Financial Position should be read in conjunction with the audited financial statements for the financial period ended 31 December 2018 and the accompanying explanatory notes attached to the interim financial report.
- 2 Net assets per share is calculated based on the Company's number of ordinary shares at the end of the reporting period of 1,001,620,003 shares as at 31 December 2019 and 854,658,003 shares as at 31 December 2018 respectively.

**SMILE-LINK HEALTHCARE GLOBAL BERHAD (Company No: 1254469-U)**  
**(Incorporated in Malaysia)**

**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER  
 COMPREHENSIVE INCOME  
 FOR THE 2ND HALF-YEAR ENDED 31 DECEMBER 2019**

|  | Individual 6 months ended |                      | Cumulative 12 months ended |                      |
|--|---------------------------|----------------------|----------------------------|----------------------|
|  | 31.12.2019<br>RM'000      | 31.12.2018<br>RM'000 | 31.12.2019<br>RM'000       | 31.12.2018<br>RM'000 |
| Revenue  | 15,476                    |                      | 28,965                     | -                    |
| Cost of sales and services   | (10,924)                  |                      | (17,412)                   | -                    |
| Gross profit   | 4,552                     | -                    | 11,553                     | -                    |
| Other income   | 1,663                     |                      | 1,663                      | -                    |
| Administrative and other operating expenses                          | (4,094)                   |                      | (8,965)                    | -                    |
| Operating profit   | 2,121                     | -                    | 4,251                      | -                    |
| Finance costs  | (34)                      |                      | (115)                      | -                    |
| Profit before taxation   | 2,087                     | -                    | 4,136                      | -                    |
| Taxation   | (431)                     |                      | (960)                      | -                    |
| <b>Profit after tax for the period</b>                               | 1,656                     | -                    | 3,176                      | -                    |
| <b>Other comprehensive income/(loss), net of tax</b>                 | -                         | -                    | -                          | -                    |
| <b>Total comprehensive income/(loss) for the period</b>              | 1,656                     | -                    | 3,176                      | -                    |
| <b>Profit and total comprehensive income/(loss) attributable to:</b> |                           |                      |                            |                      |
| Owners of the Company  | 1,706                     | -                    | 3,226                      | -                    |
| Non-controlling interests  | (50)                      | -                    | (50)                       | -                    |
|  | 1,656                     | -                    | 3,176                      | -                    |
| Earnings per share :-  |                           |                      |                            |                      |
| - Basic (sen)  | 0.165                     |                      | 0.317                      | -                    |
| - Diluted (sen)  | n/a                       | -                    | n/a                        | -                    |

**Notes:**

- 1 This unaudited Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income should be read in conjunction with the audited financial statements for the financial period ended 31 December 2018 and the accompanying explanatory notes attached to the interim financial report.

**SMILE-LINK HEALTHCARE GLOBAL BERHAD (Company No: 1254469-U)**  
**(Incorporated in Malaysia)**

**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY**  
**FOR THE 2ND HALF-YEAR ENDED 31 DECEMBER 2019**

|   | Attributable to owners of the Company |                     |               |                              |                 |
|---|---------------------------------------|---------------------|---------------|------------------------------|-----------------|
|   | Ordinary<br>Shares                    | Retained<br>Profits | Total         | Non-controlling<br>Interests | Total<br>Equity |
|   | RM'000                                | RM'000              | RM'000        | RM'000                       | RM'000          |
| As at 1 January 2019                      | 17,093                                | 2,168               | 19,261        | -                            | 19,261          |
| Issuance of new shares                    | 14,346                                | -                   | 14,346        | -                            | 14,346          |
| Profit/(Loss) for the<br>financial period | -                                     | 3,175               | 3,175         | (50)                         | 3,125           |
| Dividend                                  | -                                     | (1,140)             | (1,140)       | -                            | (1,140)         |
|   | <b>31,439</b>                         | <b>4,203</b>        | <b>35,642</b> | <b>(50)</b>                  | <b>35,592</b>   |

**Notes:**

- 1 This unaudited Condensed Consolidated Statement of Changes in Equity should be read in conjunction with the audited financial statements for the financial period ended 31 December 2018 and the accompanying explanatory notes attached to the interim financial report.

**SMILE-LINK HEALTHCARE GLOBAL BERHAD (Company No: 1254469-U)**  
**(Incorporated in Malaysia)**

**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS**  
**FOR THE 2ND HALF-YEAR ENDED 31 DECEMBER 2019**

|   | <b>31.12.2019</b>   | <b>31.12.2018</b>   |
|---|---------------------|---------------------|
|   | <b>RM'000</b>       | <b>RM'000</b>       |
| <b>Cash flows from operating activities</b>                   |                     |                     |
| Profit before taxation  | 4,135               | 2,958               |
| <b>Adjustments for :</b>                                      |                     |                     |
| Depreciation of property, plant and equipment                 | 1,219               | 690                 |
| (Gain)/Loss on disposal of investment subsidiary              | 10                  | (10)                |
| Gain on disposal of property, plant and equipment             | (1,223)             | -                   |
| Waiver of debts   | (322)               | (2,016)             |
| Bad Debts written off   | 69                  | -                   |
| Interest charges on borrowing                                 | (115)               | 223                 |
| Interest income   | 96                  | -                   |
| Operating (loss)/profit before changes in working capital     | <u>3,869</u>        | <u>1,845</u>        |
| Changes in working capital:                                   |                     |                     |
| Inventories   | (1,406)             | (730)               |
| Decrease/ (Increase)Decrease in trade and other receivables   | (2,535)             | (6,177)             |
| Increase/ (decrease) in trade payables and other payables     | 2,173               | 4,091               |
| Cash (used in)/generated from operations                      | <u>2,102</u>        | <u>(971)</u>        |
| (Income tax paid)/Tax refunded                                | (213)               | (1,791)             |
| Income from placements with money market funds and FD         | (96)                | -                   |
| <b>Net cash (used in)/generated from operating activities</b> | <u>1,792</u>        | <u>(2,762)</u>      |
| <b>Cash flow from investing activities</b>                    |                     |                     |
| Purchase of property, plant and equipment                     | (6,779)             | (1,343)             |
| Disposal of property, plant and equipment                     | 1,315               | -                   |
| Acquisition of subsidiaries                                   | (1,728)             | (10,069)            |
| Proceeds from disposal of investment in subsidiary            | 20                  | 20                  |
| Dividend payable  | (1,140)             | -                   |
| <b>Net cash generated from/(used in) investing activities</b> | <u>(8,310)</u>      | <u>(11,392)</u>     |
| <b>Cash flow from financing activities</b>                    |                     |                     |
| Proceeds from issuance of shares                              | 10,836              | 17,093              |
| Interest paid   | 115                 | (224)               |
| Repayment of term loans and borrowings                        | (1,768)             | (1,362)             |
| Drawdown from finance lease payable                           | -                   | 1,670               |
| <b>Net cash (used in)/ from financing activities</b>          | <u>9,183</u>        | <u>17,177</u>       |
| <b>Net increase/(decrease) in cash and cash equivalents</b>   | 2,666               | 3,023               |
| Cash and cash equivalents at beginning of year                | 3,026               | 3                   |
| <b>Cash and cash equivalents at end of financial period</b>   | <u><b>5,691</b></u> | <u><b>3,026</b></u> |
| <b>Cash and cash equivalents comprise :</b>                   |                     |                     |
| Short term deposits   | 2,191               | 2,726               |
| Fixed deposits  | 3,500               | 300                 |
| At end of the financial period                                | <u><b>5,691</b></u> | <u><b>3,026</b></u> |

**Notes:**

- 1 This unaudited Condensed Consolidated Statement of Cashflows should be read in conjunction with the audited financial statements for the financial period ended 31 December 2018 and the accompanying explanatory notes attached to the interim financial report.

**SMILE-LINK HEALTHCARE GLOBAL BERHAD (Company No: 1254469-U)  
(Incorporated in Malaysia)**

**EXPLANATORY NOTES TO THE INTERIM FINANCIAL STATEMENTS  
FOR THE 2ND HALF-YEAR ENDED 31 DECEMBER 2019**

**A NOTES TO THE FINANCIAL REPORT**

**A1 Basis of Preparation**

Smile-Link Healthcare Global Berhad ("SLHGB" or "the Company") was incorporated as a private limited liability company on 6 November 2017 under the name of Smile-Link Healthcare Global Sdn Bhd, it was subsequently converted to a public limited company on 23 May 2018 to facilitate the listing of the Company on the LEAP Market of Bursa Securities.

The Company had on 8 June 2018 entered into a conditional Share Sale Agreement ("the Acquisitions") to purchase the entire 100% shares in the five (5) companies to become its wholly owned subsidiaries, namely Smile Link Dental Group Sdn Bhd, Smile-Link Dental Services Sdn Bhd, Smile Link Construction and Maintenance Sdn Bhd, Smile-Link Talent Management Sdn Bhd and Smile-Link Dental Services (Sarawak) Sdn Bhd, of which, the said exercise completed in July 2018. Subsequently, the Company has disposed the subsidiary namely Smile-Link Talent Management Sdn Bhd on 22 October 2018 in order to streamline the operations.

On 23 April 2019, the Company's entire enlarged issued shares capital of RM27,538,983 comprising 949,620,003 ordinary shares were listed on the LEAP Market of Bursa Securities.

The interim financial statements of the Company and its subsidiaries ("the Group") are unaudited and have been prepared in accordance with Malaysian Financial Reporting Standards ("MFRSs") 134: Interim Financial Reporting, and the requirements of the Companies Act, 2016 in Malaysia.

The interim financial report on the Company's unaudited condensed consolidated financial results for the second half-year ended 31 December 2019 announced in compliance with the Listing Requirement.

This interim financial reporting should be read in conjunction with the audited financial statements for the financial period ended 31 December 2018 and the accompanying explanatory notes attached to the interim financial statements.

## A2 Changes In Accounting Policies

The significant accounting policies and presentations adopted by the Group for this interim financial statements are consistent with those adopted in the Audited Financial Statements for the financial period ended 31 December 2018.

The accounting policies set out have been applied consistently to the periods presented in these financial statements and have been applied consistently by the Group and the Company, unless otherwise stated.

At the date of incorporation, the Group early adopted MFRS 9, Financial Instruments and MFRS 15, Revenue from Contracts with Customers, which are mandatory for financial year/period beginning on or after 1 January 2018.

### **Standards Issued for the Annual Periods beginning on/after 1 January 2019**

The Group will apply the standard from its mandatory adoption date of 1 January 2019. However, the Group expect no significant financial impact of adoption of the following accounting standards.

| Description  | Effective for annual periods beginning on |
|--|---|
| Annual Improvements to MFRS Standards 2015-2017 Cycle  | 01-Jan-19                                 |
| Amendments to MFRS 9: <i>Prepayment Features with Negative Compensation</i>  | 01-Jan-19                                 |
| MFRS 16: <i>Leases</i>   | 01-Jan-19                                 |
| Amendments to MFRS 119: <i>Plan Amendment, Curtailment or Settlement</i>   | 01-Jan-19                                 |
| Amendments to MFRS 128: <i>Long Term Interests in Associates and Joint Ventures</i>  | 01-Jan-19                                 |
| IC Interpretation 23: <i>Uncertainty over Income Tax Treatments</i>  | 01-Jan-19                                 |
| MFRS 17: <i>Insurance Contracts</i>  | 01-Jan-21                                 |
| Amendment to MFRS 10 and MFRS 128: <i>Sales or Contribution of Assets between an Investor and its Associate or Joint Venture</i> | Deferred                                  |

## A3 Seasonality or cyclical

The Group's operations have not been materially affected by any seasonal/cyclical factors.

**A4 Nature and amount of unusual items affecting assets, liabilities, equity, net income or cash flows**

There was no item or event that was unusual by reason of its nature, size or incidence during the current quarter which affected the assets, liabilities, equity, net income or cash flows of the Group except one of the subsidiary had disposed of its assets resulted gain on disposal of RM1.2 million during the period under review.

**A5 Material Changes in estimates**

There was no material change in the estimates used for the preparation of these interim financial statements.

**A6 Issuances, cancellations, repurchases, resale and repayments of debt and equity securities**

Save as disclosed below, there was no issuance, cancellation, repurchase, resale and repayment of debt and equity securities during the interim financial period under review.

On 25 November 2019, the Company had issued 52,000,000 new ordinary shares with the issue price of RM0.075 per share being partial settlement on the proposed acquisition of Smile Link Sdn Bhd.

**A7 Valuation of property, plant and equipment**

There was no change in the valuation of the property, plant and equipment reported in the previous audited financial statements that would have an effect on the current interim financial report.

**A8 Material events subsequent to the end of the interim period**

There were no material events subsequent to the end of the interim financial period except on the change in composition of the Group as stated in Note A9 below.

**A9 Change in the Composition of the Group**

Save as disclosed below, there was no change in the composition of the Group for the interim financial period under review.



On 16 July 2019, the Company has entered into a Shares Sales Agreement with Mr. Keong Lai Seng ("the Purchaser") to dispose of an entire equity interests in Smile-Link Construction and Maintenance Sdn Bhd for a total cash consideration of Ringgit Malaysia Twenty Thousand (RM20,000-00) Only (the "Disposal"). The purpose of the disposal is to streamline the Group business in dental services.

On 23 July 2019, the Company incorporated a wholly owned subsidiary of Smile-Link Dentaltech (M) Sdn Bhd ("SLDT") under the Companies Act, 2016. The issued share capital of SLDT is RM1.00 consists of 1 (one ) unit of ordinary share. The intended principal activity of SLDT is dental laboratory, dental research and development, and dental technology.

On 10 October 2019, the Company held an Extraordinary General Meeting for the proposed acquisition of Smile Link Sdn Bhd for a total consideration of RM5.5 million with the purchase consideration of RM1.6 million in cash and by issuing the Company's Shares for the sum of RM3.9 million.

#### **A10 Contingent liabilities and contingent assets**

There was no contingent asset and liability during the interim financial period under review.

#### **A11 Segmental information**

| <b>Segments</b>          | <b>Unaudited as at<br/>31-Dec-19</b> |            |
|--------------------------|--------------------------------------|------------|
|                          | <b>(RM)'000</b>                      | <b>%</b>   |
| Dental Services          | 28,406                               | 98.1       |
| Lab Services             | 82                                   | 0.3        |
| Trading and Distribution | 476                                  | 1.6        |
| <b>Total</b>             | <b>28,965</b>                        | <b>100</b> |

The Group recorded a total revenue of RM28.97 million for the FYE 2019. The Group performance was contributed by all its subsidiaries, none of the subsidiary recorded as dormant status.

The total revenue for the dental services segment recorded a total of RM28.41 million for the FYE 2019, duly contributed by 67 dentals clinics and 1 dental centre. Dental Services has contributed 99% of revenue to the Group. Whereby the revenue for Lab Service contributed 0.3% revenue to the Group for the past 4 months in operations, whereas Trading and Distribution segment with revenue contributed at 1.6% to the Group since acquisition in October 2019.

#### **A12 Capital Commitments**

As at 31 December 2019, the Company has no material capital commitments except the balance settlement in cash consideration on the acquisition of Smile Link Sdn Bhd.

**SMILE-LINK HEALTHCARE GLOBAL BERHAD (Company No: 1254469-U)**  
**(Incorporated in Malaysia)**

**B ADDITIONAL INFORMATION REQUIRED UNDER THE LISTING REQUIREMENTS**

**B1 Review of Performance**

The Group has recorded a revenue for the 6 months results for the 2nd-half year recorded at of RM15.48 million compared to the revenue for 1st-half year recorded of RM13.49 million, there was increased of RM1.99 million in revenue. Whereas the profit before tax of the 2nd-half year stood at RM2.09 million compared to 1st-half year profit before tax of RM2.05 million. The revenues were mostly contributed from dental services segment as there were some increase in number of dental clinics.

**B2 Prospects**

With the proceeds from the Excluded Issue, the Group will embark on several projects in future plans and business strategies which have been disclosed in Section 4.15 of the Information Memorandum dated 26 February 2019. The Group is initiating and maintaining its plans and strategies in expansion of our Group's dental clinic network, talent development and regional expansion.

Among others, the Group will continue to implement its strategic plans in order to:

- i) establish the brand names, and maintain of high quality of services.
- ii) continue in training of talent for dentist, nurses, customer services and management staff.
- iii) costs control and reduce wastage, being practising go-green and environmental friendly.
- iv) providing CSR program to the public.
- v) invest in modern and advanced technology to increase efficiency.
- vi) build the Group's network in Malaysia and overseas.

**B3 Profit Forecast, Profit Guarantee and Internal Targets**

The Group has not issued any profit forecast, profit guarantee in any form of public documentation and announcement.

**SMILE-LINK HEALTHCARE GLOBAL BERHAD (Company No: 1254469-U)**  
**(Incorporated in Malaysia)**

**C OTHER INFORMATION**

**C1 STATUS OF CORPORATE PROPOSALS**

There were no corporate proposals announced but pending completion as at the date of this report.

**C2 UTILIZATION OF PROCEEDS**

The status utilization of the proceeds as stated below which has been raised from the Excluded Issue is as follows:

| Proposed utilization          | Proposed amount for utilization<br>RM'000 | Actual amount utilized<br>RM'000 | Balance amount to be utilized<br>RM'000 | Estimated timeframe for utilization upon listing |
|-------------------------------|---|----------------------------------|---|--|
| i Business expansion          | 7,000                                     | 5,471                            | 1,529                                   | Within 24 months                                 |
| ii Talent development         | 500                                       | -                                | 500                                     | Within 24 months                                 |
| iii Working capital           | 1,946                                     | 617                              | 1,329                                   | Within 24 months                                 |
| iv Estimated listing expenses | 1,000                                     | 1,000                            | -                                       | Immediately                                      |
| <b>Total</b>                  | <b>10,446</b>                             | <b>7,088</b>                     | <b>3,358</b>                            |  |

**C3 Material Litigation**

There are no material litigations pending as at the date of this report.

**C4 Dividends**

The Company had declared a Tax Exempt Interim Dividend for the total sum of RM1,139,544.00 based on the Company's Unaudited Interim Financial Statement as at 31<sup>st</sup> March 2019 and hereby declared to the Depositors registered in the Record of Depositors at the close of the business on 17 May 2019 and payable on 31 May 2019.

The Company is satisfied that the current financial position of the Company, after paying the total dividend of RM1,139,544.00 which has fulfilled the solvency test as provided under Section 112 of the Companies Act 2016.

Dated: 24 February 2020