



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

Registration No: 201701040296 (1254469-U)

(Incorporated in Malaysia under the Companies Act 2016)

### **FINANCIAL STATEMENTS FOR THE 2ND HALF-YEAR ENDED 31 DEC 2020**

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 (Registration No: 201701040296 (1254469-U)  
(Incorporated in Malaysia)**

**UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION  
AS AT 31 DEC 2020**

	<b>UNAUDITED</b>	<b>AUDITED</b>
	<b>As at</b>	<b>As at</b>
	<b>31.12.2020</b>	<b>31.12.2019</b>
	<b>RM'000</b>	<b>RM'000</b>
<b>ASSETS</b>		
<b>NON-CURRENT ASSETS</b>		
Property, plant and equipment	14,175	14,378
Right-of-use asset	5,417	5,674
Goodwill	10,034	9,788
Total non-current assets	<u>29,626</u>	<u>29,840</u>
<b>CURRENT ASSETS</b>		
Inventories	4,500	3,647
Trade and other receivables	5,924	6,147
Current tax assets	724	834
Other investment	2,520	3,500
Cash and cash equivalents	2,605	2,194
Total current assets	<u>16,273</u>	<u>16,322</u>
<b>TOTAL ASSETS</b>	<b><u>45,899</u></b>	<b><u>46,162</u></b>
<b>EQUITY AND LIABILITIES</b>		
<b>EQUITY</b>		
<b>Equity attributable to owners of the Company:-</b>		
Share capital	31,439	31,439
Retained profit	3,555	3,784
	<u>34,994</u>	<u>35,223</u>
Non-controlling interest	-	52
<b>TOTAL EQUITY</b>	<u>34,841</u>	<u>35,171</u>
<b>LIABILITIES</b>		
<b>NON-CURRENT LIABILITIES</b>		
Deferred tax liabilities	371	383
Lease liabilities	1,003	3,704
Bank borrowings	1,528	247
Total non-current liabilities	<u>2,902</u>	<u>4,334</u>
<b>CURRENT LIABILITIES</b>		
Trade and other payables	1,475	2,611
Current tax liabilities	309	293
Lease liabilities	3,743	3,402
Bank borrowings	2,629	351
Total current liabilities	<u>8,156</u>	<u>6,657</u>
<b>TOTAL LIABILITIES</b>	<u>11,058</u>	<u>10,991</u>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b><u>45,899</u></b>	<b><u>46,162</u></b>
Net assets per share (sen)#	13.91	3.51

**Notes:**

This unaudited Condensed Consolidated Statements of Financial Position should be read in conjunction with the audited financial statements for the financial year ended 31 December 2019 and the accompanying explanatory notes attached to the interim financial report.

# Computed based on 1,001,620,003 ordinary shares for the as at 31 December 2019 and 250,405,001 as at 31 December 2020.

**SMILE-LINK HEALTHCARE GLOBAL BERHAD (Registration No: 201701040296 (1254469-U)  
(Incorporated in Malaysia)**

**UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF PROFIT OR  
LOSS AND OTHER COMPREHENSIVE INCOME  
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020**

	Individual 6 months ended		Cumulative 12 months ended	
	31.12.2020 RM'000	31.12.2019 RM'000	31.12.2020 RM'000	31.12.2019 RM'000
Revenue	15,820	15,476	26,657	28,965
Cost of sales	(7,372)	(10,924)	(14,055)	(14,988)
Gross profit	8,448	4,552	12,602	13,977
Other operating income	32	1,663	307	1,998
Administrative and other operating expenses	(6,553)	(4,094)	(10,522)	(10,922)
Operating profit	1,927	2,121	2,387	5,053
Finance costs	(475)	(34)	(543)	(770)
Profit before tax	1,452	2,087	1,844	4,283
Taxation	(880)	(431)	(938)	(1,109)
<b>Profit after tax</b>	<b>572</b>	<b>1,656</b>	<b>906</b>	<b>3,174</b>
<b>Other comprehensive income, net of tax</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total comprehensive income</b>	<b>572</b>	<b>1,656</b>	<b>906</b>	<b>3,174</b>
<b>Profit and total comprehensive income attributable to:</b>				
Owners of the Company	572	1,708	1,007	3,226
Non-controlling interests	-	(52)	(101)	(52)
	<b>572</b>	<b>1,656</b>	<b>906</b>	<b>3,174</b>
Earnings per share :-				
- Basic (sen) #	0.228	0.165	0.362	0.317
- Diluted (sen)	n/a	n/a	n/a	n/a

**Notes:**

This unaudited Condensed Consolidated Statements of Profit or Loss and Other Comprehensive Income should be read in conjunction with the audited financial statements for the financial year ended 31 December 2019 and the accompanying explanatory notes attached to the interim financial report.

# Computed based on 1,001,620,003 ordinary shares for the as at 31 December 2019 and 250,405,001 as at 31 December 2020.

**SMILE-LINK HEALTHCARE GLOBAL BERHAD (Registration No: 201701040296 (1254469-U)  
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**UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY  
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020**

	Attributable to owners of the Company				
	Shares Capital RM'000	Retained Profit RM'000	Total RM'000	Non-Controlling Interest RM'000	Total Equity RM'000
As at 1 January 2020	31,439	3,784	35,223	(52)	35,171
Profit for the financial year	-	1,007	1,007	(101)	906
Effect of adopting MFRS 16	-	(485)	(485)	-	(485)
Dividends	-	(751)	(751)	-	(751)
As at 31 December 2020	<u>31,439</u>	<u>3,555</u>	<u>34,994</u>	<u>(153)</u>	<u>34,841</u>

	Attributable to owners of the Company				
	Shares Capital RM'000	Retained Profit RM'000	Total RM'000	Non-Controlling Interest RM'000	Total Equity 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 for the financial year	-	3,226	3,226	(52)	3,174
Acquisition of subsidiary	-	(104)	(104)	-	(104)
Effect of adopting MFRS 16	-	(368)	(368)	-	(368)
Dividends	-	(1,140)	(1,140)	-	(1,140)
As at 31 December 2019	<u>31,439</u>	<u>3,782</u>	<u>35,221</u>	<u>(52)</u>	<u>35,170</u>

**Note:**

This unaudited Condensed Consolidated Statement of Changes in Equity should be read in conjunction with the audited financial statements for the financial year ended 31 December 2019 and the accompanying explanatory notes attached to the interim financial report.

**SMILE-LINK HEALTHCARE GLOBAL BERHAD (Registration No: 201701040296 (1254469-U)  
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**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS  
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020**

	12 months ended	
	Unaudited 31.12.2020 RM'000	Audited 31.12.2019 RM'000
<b>Cash flows From operating activities</b>		
Profit before taxation	1,844	4,283
Adjustment for:		
Depreciation on property, plant and equipment	1,569	1,809
Depreciation on right-of-use	281	3,207
Gain on disposal of subsidiary	-	(10)
(Gain)/loss on disposal of property, plant and equipment	9	(1,223)
Interest income	(41)	(184)
Interest expense	543	770
Operating profit before working capital changes	4,205	8,652
Increase in inventories	(153)	(1,406)
Increase in trade and other receivables	(1,700)	(7,773)
Decrease in deposit and prepayments	-	646
Increase/(Decrease) in trade and other payables	1,307	(84)
Cash generated from operations	3,659	35
Interest paid	(543)	(770)
Taxes paid	(938)	(1,246)
<b>Net cash inflow/(outflow) from operating activities</b>	<b>2,178</b>	<b>(1,981)</b>
<b>Cash flows from investing activities</b>		
Proceeds from disposal of investment in subsidiaries	-	20
Purchase of property, plant and equipment	(1,554)	(7,871)
Proceeds from disposal of property, plant and equipment	41	1,315
Acquisition of subsidiaries	-	(5,500)
Uplift of fixed deposit	-	300
Interest Income	41	184
<b>Net cash used in investing activities</b>	<b>(1,472)</b>	<b>(11,552)</b>
<b>Cash flows from financing activities</b>		
Proceeds from issuance of shares	-	14,346
Dividend paid	(751)	(1,140)
Repayment of borrowings	(3,261)	(1,287)
Repayment of lease liabilities	1,836	(1,529)
Drawdown from finance lease	902	6,112
<b>Net cash generated from/(used in) financing activities</b>	<b>(1,274)</b>	<b>16,502</b>
<b>Net increase/(decrease) in cash and cash equivalents</b>	<b>(568)</b>	<b>2,968</b>
<b>Cash and cash equivalents at beginning of the financial year</b>	<b>5,694</b>	<b>2,726</b>
<b>Cash and cash equivalents at end of the financial year</b>	<b>5,125</b>	<b>5,694</b>
<b>Cash and cash equivalents comprised:</b>		
Fixed deposit	2,520	3,500
Cash and bank balances	2,605	2,194
	5,125	5,694

**Note:**

This unaudited Condensed Consolidated Statements of Cashflows should be read in conjunction with the audited financial statements for the financial year ended 31 December 2019 and the accompanying explanatory notes attached to the interim financial report.

**SMILE-LINK HEALTHCARE GLOBAL BERHAD (Registration No: 201701040296 (1254469-U)  
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**EXPLANATORY NOTES TO THE INTERIM FINANCIAL STATEMENTS  
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020**

**A NOTES TO THE FINANCIAL REPORT**

**A1 Basis of Preparation**

The condensed consolidated interim financial statements ("Report") is unaudited and has been prepared in accordance with the requirements of Malaysian Financial Reporting Standard ("MFRS") 134: Interim Financial Reporting issued by the Malaysian Accounting Standards Board ("MASB") and the LEAP Market Listing Requirements of Bursa Malaysia Securities Berhad ("Bursa Malaysia"). This Report should be read in conjunction with the audited consolidated financial statements of the Company for the financial year ended 31 December 2019.

**A2 Changes In Accounting Policies**

**Adoption of amended standards**

Amendments to MFRS 16 – Leases – *Covid-19 related rent recessions*

MFRS amendments effective for financial periods beginning on or after 1 January 2021

- Amendments to MFRS 4, 7, 9, 16, 139 – Interest Rate Benchmark Reform (Phase 2)

**Standards issued but not yet effective :**

MFRS amendments effective for financial periods beginning on or after 1 January 2022

- Amendments to MFRS 3 – Business Combinations – *Reference to conceptual framework*
- Amendments to MFRS 116 – Property, Plant and Equipment – *Proceed before intended use*
- Amendments to MFRS 137\* – Onerous Contracts – *Costs of fulfilling a contract*

New and amendments to MFRS effective for annual periods beginning on or after 1 January 2023

- New MFRS 17, and subsequent amendments – Insurance Contracts
- Amendments to MFRS 101 – Presentation of Financial Statements – *Classification of liabilities as current or non-current*

MFRS amendments deferred indefinitely

- Amendments to MFRS 10 – Consolidated Financial Statements
- Amendments to MFRS 128 – Investments in Associates and Joint Ventures  
– *(Sale or contribution of assets between an investor and its associate or joint venture)*

\* *Annual improvements to MFRS Standards 2018 – 2020* .

The Company plans to adopt the above applicable new MFRS and amendments/improvements to MFRS when they become effective.

**A3 Seasonality or cyclicity**

The Group's operations has been effected by Covid-19 pandemic since beginning of year 2020, upon the Malaysian Government announced on Movement Control Order ("MCO") on 18 March 2020, followed by Conditional Movement Control Order ("CMCO") and subsequent with Recovery Movement Control Order ("RMCO"). Furthermore, MCO 2.0 was again announced in January 2021 and its extension.

**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 period which affected the assets, liabilities, equity, net income or cash flows of the Group.

**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.

The consolidation of the Company's ordinary shares from 4 existing ordinary shares into 1 new ordinary share has been completed on 18 September 2020.

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

There was no change in the valuation of the property, plant and equipment reported for the financial period under review.

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

There were no material events subsequent to the end of the interim financial period.

**A9 Change in the composition of the Group**

The Group has incorporated a wholly-owned subsidiary namely Smile-Link Asset Maintenance Sdn Bhd on 13 October 2020.

Subsequent to the financial period under review, on 22 March 2021 the Group has incorporated a wholly-owned subsidiary namely Harmoni Dental Service Sdn Bhd.

**A10 Contingent liabilities and contingent assets**

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

**A11 Segmental information**

	Individual 6 months ended		Cumulative 12 months ended	
	31.12.2020	31.12.2019	31.12.2020	31.12.2019
	RM'000	RM'000	RM'000	RM'000
<b><i>Segmental revenue</i></b>				
Dental Services	15,308	14,918	25,251	28,406
Trading of Dental Products & Others	512	558	1,406	559
Total	15,820	15,476	26,657	28,965
<b><i>Segmental profit before tax</i></b>				
Dental Services	1,220	1,512	1,729	3,641
Trading of Dental Products & Others	232	575	115	642
Total	1,452	2,087	1,844	4,283

**A12 Capital Commitments**

There were no capital commitments for the Group during the interim financial period under review.

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

**B1 Review of Performance**

The Group has recorded a revenue of RM15.820 million compared to preceeding 2nd half year revenue of RM15.476 million, an increased of RM0.344 million as business has picked up after the MCO. Furthermore, those clinics started in year 2019 has started picking up their business with more return customers. The profit before tax for the 2nd half year recorded at RM1.452 million compared to similar period of 2nd half preceeding year at RM2.087 million. The lower profit before tax was mainly due to additional overhead costs incurred.

The Group recorded total a total revenue of RM26.657 million compared to preceeding year total of RM28.965 million, with decreased of RM2.308 million for the entire 12 months of the financial year, the reason of dropped in business was mainly affected by Covid-19 pandemic. The profit before tax for the year recorded at RM1.844 million compared to an immediate preceeding year of RM4.136 million, with the decreased of RM2.292 million due to decreased in revenue affected by Covid-19 pandemic and increased of overhead of materials costs for dental products.

**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) provides Corporate Social Responsibility 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.



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**C OTHER INFORMATION**

**C1 STATUS OF CORPORATE PROPOSALS**

Save as disclosed below, there were no corporate proposals announced but pending completion as at the date of this report.

The Company had on 17 September 2019 announced the acquisition of the entire equity interest in Smile-Link Sdn Bhd for a total consideration of RM5.5 million. Both the vendors and the the Company had on 4 January 2021 entered into a supplemental shares sale agreement ("SSA II") for the purpose of extension of time until 30 June 2021 to fulfil the terms and conditions stated in shares sales agreement executed on 17 September 2019, supplemental shares sale agreement dated 2 July 2020 and SSA II.

**C2 UTILISATION OF PROCEEDS**

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

Proposed utilisation	Proposed amount for utilisation RM'000	Actual amount utilised RM'000	Balance amount to be utilised RM'000	Estimated timeframe for utilization upon listing
i Business expansion	7,000	5,911	1,089	Within 24 months
ii Talent development	500	25	475	Within 24 months
iii Working capital	1,946	917	1,029	Within 24 months
iv Estimated listing expenses	1,000	1,000	-	Immediately
<b>Total</b>	<b>10,446</b>	<b>7,853</b>	<b>2,593</b>	

**C3 Material Litigation**

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

**C4 Dividends**

- i) The Company had declared a Tax Exempt Interim Dividend for the total sum of RM250,405, which was paid on 15 December 2020.
- ii) The Company had declared a Tax Exempt Interim Dividend for the total sum of RM250,405 which was paid on 18 February 2021.

Dated: 29 March 2021