



*Focusing on*  
**OUR CORE**

ANNUAL REPORT 2023



## OUR VISION

We help people live healthier, happier and longer.



## OUR MISSION

We provide reliable healthcare solutions through innovation, technological advancement and commitment to quality.



## OUR VALUES

- Accountability
- Drive for Excellence
- Initiative
- Integrity
- Teamwork

## OUR EMPLOYEE VALUE PROPOSITION

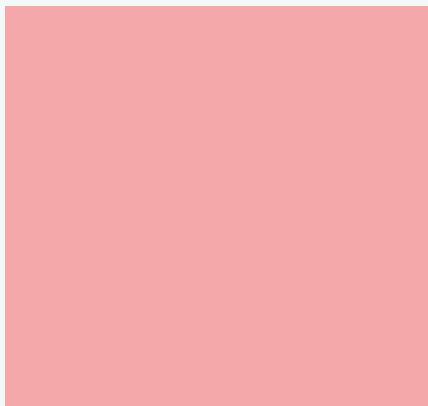
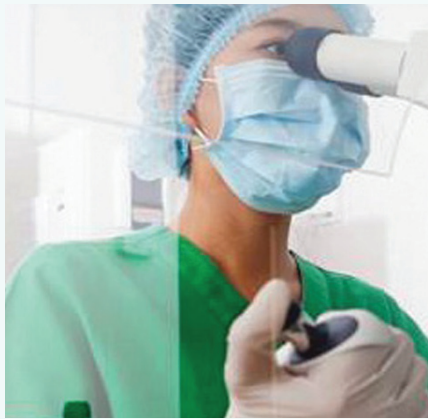


We believe that delivering **holistic and innovative healthcare solutions** to families begins with fostering a progressive and meaningful work culture for our people.



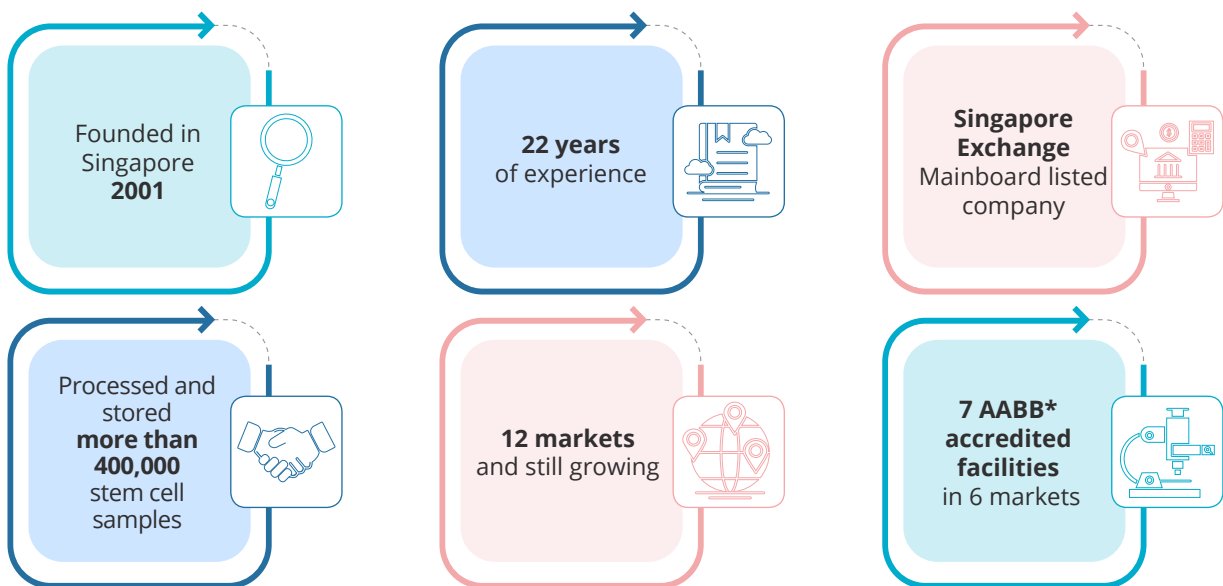
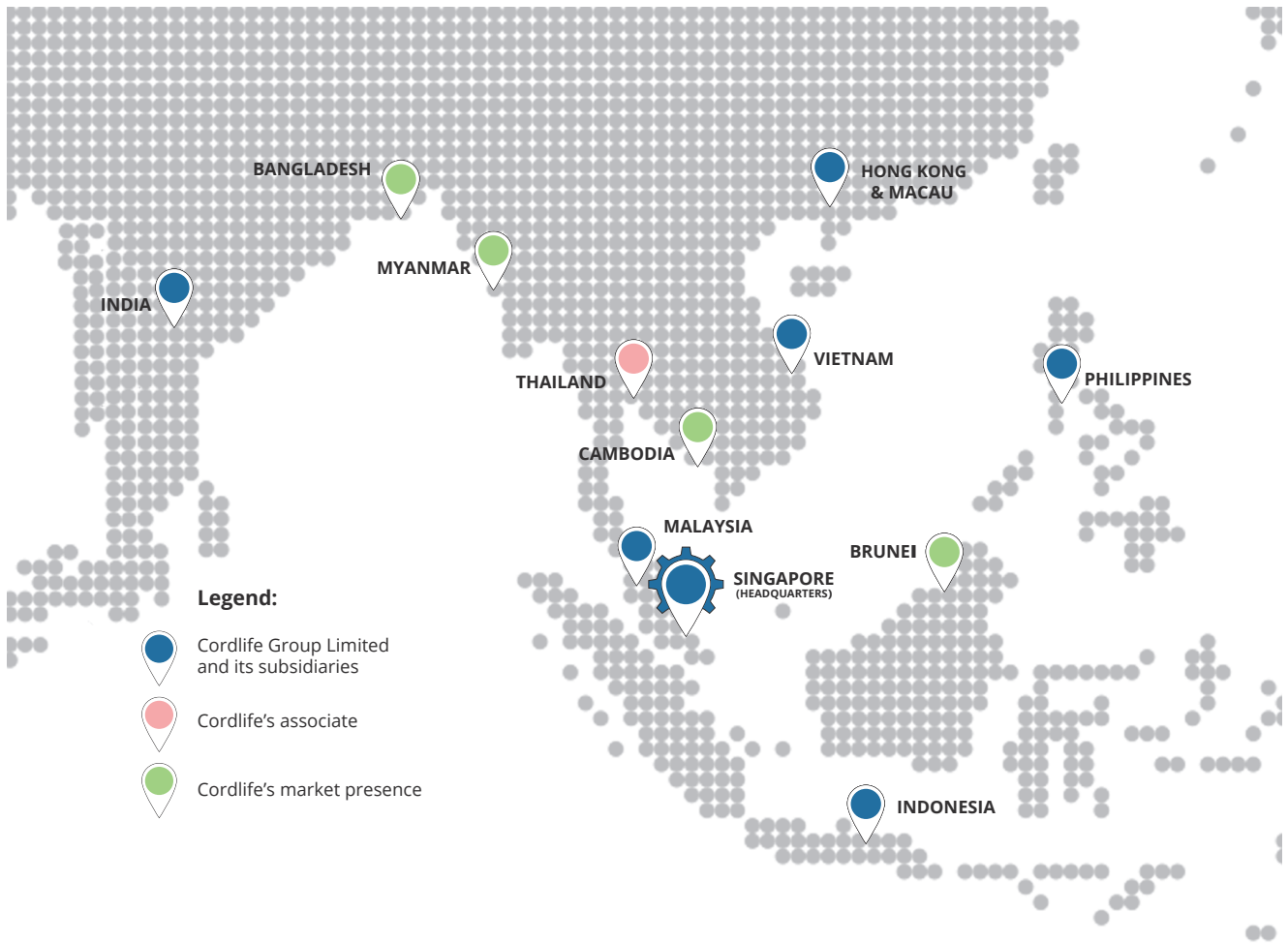
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# OUR COMPANY

## OUR GLOBAL PRESENCE



\* Conditional accreditation status for Cordlife's facility in Singapore

ABOUT CORDLIFE GROUP LIMITED

Asia’s largest network of cord blood banks

Cordlife Group Limited (“Cordlife”, together with its subsidiaries, the “Group”), founded in 2001, owns and operates Asia’s largest network of private cord blood banks. The Group is committed to ensuring the health and well-being of both mother and child, amongst others. Listed on the Mainboard of the Singapore Exchange since 2012, the Group is a pioneer in private cord blood banking in Asia.

Cordlife is an industry leader in Hong Kong, Indonesia, and the Philippines and one of the top three market leaders in India and Malaysia. Through its majority-owned subsidiary in Malaysia, Stemlife Berhad, Cordlife has an indirect stake in Thailand’s largest private cord blood bank, Thai Stemlife. In addition to cord blood, cord lining, cord tissue, and placenta banking, Cordlife offers families a comprehensive suite of clinical diagnostics, including non-invasive prenatal testing, paediatric vision screening, and newborn metabolic screening. Cordlife strives to ensure reliable quality and is committed to a customer-centric approach.

Empowered use of stem cells at 18 healthcare institutions in 9 countries

By December 2023, Cordlife had processed and stored more than 400,000 cord blood, cord lining, cord tissue, and placenta stem cell samples.

The Group has made 71 cord blood releases to 18 healthcare institutions in nine different countries, allowing its clients to use their cord blood for transplantation or cellular therapy. Cordlife also assisted its clients to release 14 cord lining and cord tissue samples for medical use. All of the samples processed and stored by Cordlife were accepted and successfully used, which is the ultimate validation of the Group’s processing and storage capabilities.

Over the years, the Group has also grown to offer new banking services, clinical diagnostics and other healthcare services. This has helped to strengthen its position as a leading company focused on protecting the health of mother and child.

For more information, visit [www.cordlife.com](http://www.cordlife.com).

ACCREDITATIONS, CERTIFICATIONS AND LICENCES



**Cordlife Singapore**  
AABB\*, SS620:2016  
GDPMS



**Cordlife India**  
AABB, ISO 9001:2015,  
CAP, NABL, WHO GMP,  
DCGI



**Cordlife Indonesia**  
AABB, ISO 9001:2015,  
MOH



**Cordlife Hong Kong**  
AABB



**Cordlife Philippines**  
AABB, ISO 9001:2015,  
DOH



**Stemlife Malaysia**  
AABB, MS ISO15189,  
MOH, GDPMD



**Healthbaby Hong Kong**  
AABB, FACT, CAP

\* Conditional accreditation status for Cordlife’s facility in Singapore.

For more details on the above accreditations, certifications and licences, please visit [www.cordlife.com/accreditations](http://www.cordlife.com/accreditations).

# CHAIRMAN'S MESSAGE

## DEAR VALUED SHAREHOLDERS,

On behalf of the Board of Directors of Cordlife Group Limited ("Cordlife" or the "Company", together with its subsidiaries, the "Group"), I present to you our annual report for the financial year ended 31 December 2023 ("FY2023").

I write with a heavy heart and a deep sense of responsibility over the recent events that have brought to light issues at our Singapore facility, and I would like to address them directly with you. First and foremost, I sincerely apologise for disappointing our clients. We recognise the impact this incident has had on our service delivery and are in the midst of detailed investigations to get to the root cause of these matters. We are committed to making things right.

On 30 November 2023, the Company received a notice from Ministry of Health ("MOH") directing the Company to stop, for a period up to six months, the collection, testing, processing and/or storage of any new cord blood and human tissues, or provision for any new types of tests to clients in Singapore (the "Notice"). As stated in the Notice, the Company has 14 days to make representations to MOH in relation to the contents of the Notice. On 13 December 2023, the Company announced that it will not be submitting written representations to MOH on the same. On 15 December 2023, the Company received a letter from MOH stating that MOH has considered the Company's response to the Notice, and had directed the Company to give effect to the contents of the Notice to stop for a period up to six months, the collection, testing, processing and/or storage of any new cord blood and human tissues, or the provision of any new types of tests to patients, with effect on and from 15 December 2023 (the "Suspension"). This action was taken following the discovery that certain cryogenic storage tanks in Singapore had been exposed to temperatures outside their normal range. While the investigations by MOH are ongoing, we are already focused on the rectification plan, with steady efforts being directed towards addressing stakeholder needs and improving our processes.

Despite the challenges faced in Singapore, our stem cell processing and storage facilities in Hong Kong, Malaysia, Indonesia, India, and the Philippines, remain unaffected. I want to take this opportunity to reassure our clients whose children's cord blood units are stored

in these facilities that their samples are maintained in optimal condition. I would also like to emphasise that the Suspension and ongoing investigations are isolated to the Group's operations in Singapore and do not impact the operations of the subsidiaries located outside of Singapore. These facilities operate independently, with their own dedicated team, and adhere to their respective local laws and regulations.

The ongoing Suspension, coupled with the fixed costs being incurred irrespective, is expected to weigh down on the financial performance of the Group. Historically, Singapore has been the key revenue driver for the Group, amplifying the potential negative impact of this situation on the Group's overall financial performance.

## RISING ABOVE AND BEYOND

As we reflect on the past year, my team and I are deeply committed to ensuring that we learn from this experience and take all necessary measures to prevent similar incidents from recurring in the future. We are conducting a thorough investigation into the root causes of this issue and implementing rigorous protocols to strengthen the security and reliability of our operations.

We are taking proactive measures to address the situation, expediting resolution efforts, and seeking guidance from experienced professionals in the industry to refine our processes. Moreover, we are enhancing the skills and accountability of our employees through rigorous training initiatives. We are fully cooperating with all relevant regulatory authorities and maintaining continuous communication with MOH to investigate and resolve the identified issues. Our commitment is to rebuild trust with our stakeholders through rectification and unwavering dedication, demonstrating the perseverance required to attain this objective.

## MARKET REVIEW

Cordlife's core strength lies in its people, values, and long-standing track record, painstakingly built throughout the years. Over the past 22 years, we have served over 600,000 parents across the region, with some already benefiting directly from our banking services. Notable progress was observed across various segments in FY2023, particularly within Cordlife's banking business, which gained growth momentum prior to the incident in Singapore. Expansion

## CHAIRMAN'S MESSAGE

initiatives to grow our diagnostics business included the opening of new testing laboratories in Jakarta, Indonesia, and Kolkata, India, with the goal of providing various health screening packages. Additionally, the introduction of more screening services in Hong Kong and the broader region further fueled the segment's growth trajectory.

Our global reach expanded in FY2023, with Cambodia and Vietnam joining our geographical footprint. In Cambodia, we have formed a strategic partnership to facilitate the distribution of our cutting-edge screening services. In Vietnam, the Group incorporated a wholly-owned subsidiary to provide, amongst others, management consulting and development services.

Cordlife Hong Kong also forged a collaboration with Hong Kong Regen Medtech Limited to explore the potential application of mesenchymal stem cell-derived secretomes in treating osteoarthritis. This innovative initiative has the potential to revolutionise the field of regenerative medicine, ushering in a new era of therapeutic possibilities that could positively impact the long-term trajectory of our business.

In Malaysia, our team has partnered with Medixcell, a cGMP-certified umbilical cord mesenchymal stem cell manufacturer, to offer expectant parents the opportunity to store high-quality and safe mesenchymal stem cells harvested from their newborn baby's umbilical cord. Manufacturing mesenchymal stem cells in a cGMP-certified facility is vital for meeting regulatory standards and ensuring the safety, quality, and consistency of stem cell products. This collaboration underscores our commitment to providing cutting-edge solutions while adhering to the highest standards of safety and quality assurance.

### APPRECIATION

Amidst a challenging landscape, the Group experienced notable management transitions. Mr Joseph Wong, the Chairman, stepped down from his position due to personal and health-related reasons. Ms Tan Poh Lan, our Group CEO and Executive Director, resigned as she retired to pursue her personal interests. I wish to extend my sincere appreciation to Mr Wong and Ms Tan for their invaluable contributions and guidance.

I am pleased to welcome Mr Ivan Yiu Pang Fai as the newly appointed Group CEO of Cordlife. Although he is new to our management team, Mr Yiu brings with him the unique perspective of being not only a client of Cordlife but also a representative of a controlling shareholder of the Company. This dual role gives him a deep sense of responsibility to address the challenges at hand.

Mr Yiu's background in overseeing large-scale infrastructural projects, renowned for their adherence to stringent standard operating procedures and equipment operating procedures, demonstrates his aptitude for navigating complex operational terrains with finesse. I have full confidence in Mr Yiu's ability to strengthen Cordlife's operational framework and, combined with the healthcare expertise of some of our board members, to instill a renewed sense of trust and confidence among stakeholders. Furthermore, his expertise in managing finance and investment projects positions him strategically to optimise Cordlife's financial resources for long-term growth. With Mr Yiu at the helm, I believe Cordlife is poised to leverage its financial assets to propel our business to greater success.

I take this opportunity to thank all our employees who have remained steadfastly committed to the Group in the face of adversity. Their unwavering dedication and resilience are truly commendable and deeply appreciated. I would also like to express my heartfelt gratitude to our valued stakeholders, including clients, shareholders, healthcare professionals, and business partners, for their continued support and trust. These contributions have been instrumental in establishing Cordlife as a reputable entity in our industry.

As we navigate through this phase of reflection and rectification, we believe it is imperative that we focus on rebuilding our core, capitalising on our strengths and learnings, in order to fortify our foundation and propel the Group to new heights. We are fully committed to addressing our challenges and steering the Group towards a path of recovery. Together, we will emerge stronger and more resilient than ever before.

### DR HO CHOON HOU

*Acting Chairman, Non-Independent  
Non-Executive Director*

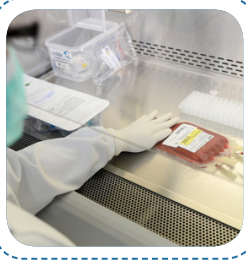
# OUR SERVICES AT A GLANCE

## OUR BUSINESS

### BANKING

#### ◦ Cord Blood

Collection at birth, processing, testing and cryopreservation of cord blood.



#### ◦ Cord Lining

Collection at birth, processing, testing and cryopreservation of the lining of the umbilical cord, which contains two cell types.

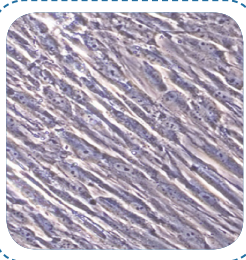
Cordlife owns an exclusive licence from CellResearch Corporation to market the service.



#### ◦ Cord Lining Mesenchymal Stem Cells

Collection at birth, processing, harvesting, testing and cryopreservation of Mesenchymal Stem Cells ("MSCs") from the umbilical cord lining.

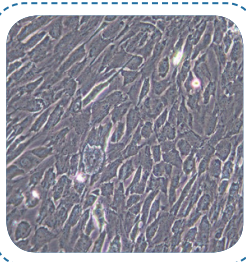
Cordlife owns an exclusive licence from CellResearch Corporation to market the service.



#### ◦ Cord Lining Epithelial Stem Cells

Collection at birth, processing, harvesting, testing and cryopreservation of Cord Lining Epithelial Stem Cells ("CLEpSCs") from the umbilical cord lining.

Cordlife owns an exclusive licence from CellResearch Corporation to market the service.



#### ◦ Placenta

Collection of cells from the placenta following birth and storing them for future use.

Healthbaby owns the CellMaxima™ patent.



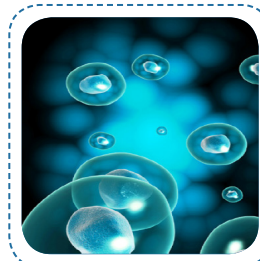
#### ◦ Cord Tissue

Collection at birth, processing, testing and cryopreservation of umbilical cord tissue, in particular Wharton's Jelly, which contains only MSCs.



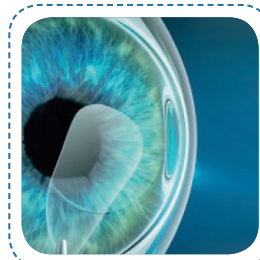
#### ◦ Cord Tissue Mesenchymal Stem Cells

Collection at birth, processing, harvesting, testing and cryopreservation of MSCs from the umbilical cord tissue.



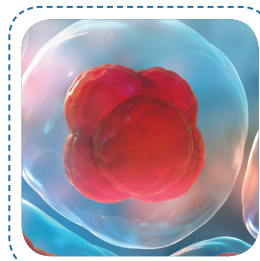
#### ◦ Corneal Lenticule

Collected after the patient undergoes a refractive eye surgery using lenticule extraction method, processing, testing, and cryopreservation of corneal lenticules.



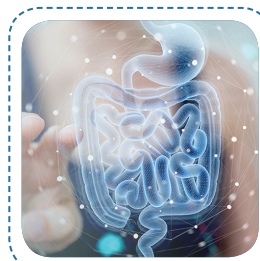
#### ◦ Peripheral Blood Stem Cells

Collection, processing, testing and cryopreservation of Haematopoietic Stem Cells ("HSCs") from peripheral blood.



#### ◦ Gut Microbiome

Collection, processing, testing and cryopreservation of healthy gut microbiome from stool sample.





# OUR SERVICES AT A GLANCE

## DIAGNOSTICS

### Preimplantation Genetic Screening

A screening test performed to identify chromosomally normal embryos to help patients increase their chances of conceiving a healthy baby.



### Endometrial Receptivity Test

A microRNA-based endometrial receptivity analysis to determine the optimal time for embryo implantation to improve the success rate of IVF treatment.



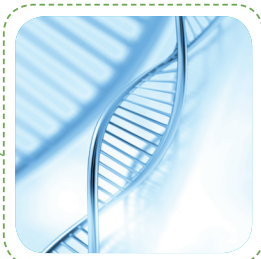
### Non-invasive Prenatal Testing

A screening test using whole genome sequencing to analyse cell-free foetal DNA present in maternal blood as early as 10 weeks of pregnancy to detect the risk of chromosomal abnormalities.



### Chromosomal Microarray Analysis Test

A diagnostic test that provides a higher-resolution analysis of the genome compared to traditional prenatal screening tests for detecting chromosomal abnormalities.



### Newborn Metabolic Screening

A non-invasive, early detection test specially designed to screen inherited metabolic disorders in newborns.



### Newborn Genetic Screening

A non-invasive screening for chromosomal abnormalities and gene variants connected to more than 200 genetic disorders in babies using cord blood.



### Paediatric Vision Screening

A non-invasive screening test for the early detection of potential vision problems in children aged 6 months to 6 years old.



### Paediatric Ear Screening

A non-invasive screening test for the early detection of potential hearing problems in children aged 6 months to 6 years old.



### Paediatric Allergen Test

A test that detects up to 104 allergens in children, aiding healthcare providers in crafting tailored treatment plans for effective allergy management.



### Genetic Talent Test

A non-invasive genetic test that scientifically assesses a child's certain innate abilities and personality traits to help parents understand their child's genetic potential.



### Lifestyle Genetic Screening

A non-invasive genetic screening test that provides individuals with personalised insights into their genetic makeup related to healthcare, wellness, skincare, and fitness.

## DIGITAL HEALTHCARE



### Moms Up

A mobile app offering pregnancy as well as parenting resources for moms and moms-to-be in Asia.



### Life Sprouts

A concept unit established to explore new ways to meet health, wellness and lifestyle needs of our existing clients and prospects, as well as to increase our customer engagement by delivering value at every milestone of their life journey.

## OTHERS

# OUR MILESTONES AND ACHIEVEMENTS

CELEBRATING 22 YEARS OF QUALITY CORD BLOOD BANKING AND MORE...

We are focused on helping people live healthier, happier, and longer by providing reliable healthcare solutions through innovation, technological advancement, and commitment to quality. Here are some of the initiatives we have made during the year.

GROUP	SINGAPORE	MALAYSIA	HONG KONG	PHILIPPINES	INDONESIA	INDIA
<p><b>JANUARY</b> Cordlife Group Limited initiated a digital transformation programme to improve operations and streamline processes for clients and employees.</p> <p><b>FEBRUARY</b> Expanded global footprint to Cambodia, offering various screening services including carrier screening and genetic talent testing.</p> <p><b>SEPTEMBER</b> Incorporated a wholly-owned subsidiary in Vietnam to provide, amongst others, management consulting and development services.</p>	<p><b>JUNE</b> Cordlife Singapore hosted its second Wellness Festival event at Marina Bay Sands on June 25, 2023. Inspired by Cordlife's 22nd Anniversary theme - "We Are Family", participants enjoyed a variety of activities promoting physical, mental, and emotional wellness.</p>	<p><b>APRIL</b> Stemlife Malaysia entered into an agreement with Loh Guan Lye Specialists Centre to offer peripheral blood stem cell ("PBSC") banking services.</p> <p><b>JULY</b> Introduced Chromosomal Microarray Analysis, offering a higher-resolution genome analysis than traditional prenatal screening tests for detecting chromosomal abnormalities.</p> <p><b>OCTOBER</b> Appointed Medixcell for cGMP-certified umbilical cord MSC manufacturing in Malaysia.</p> <p><b>NOVEMBER</b> Launched MSC expansion service in Malaysia, offering MSC storage option to meet the future demand for advanced cell therapies and regenerative medicine.</p>	<p><b>JUNE</b> Healthbaby Hong Kong launched placenta storage, using exclusive CellMaxima™ technology to preserve placental stem cells.</p> <p><b>JULY</b> Cordlife Hong Kong collaborated with Hong Kong Regen Medtech Limited for a two-year study on the application of umbilical cord MSC-derived secretomes for osteoarthritis treatment.</p> <p><b>AUGUST</b> Launched an expanded panel of lifestyle genetic tests covering sports, skin, diet, and health.</p> <p><b>DECEMBER</b> Launched in-house Allergy DNA and Pharmacogenomics tests.</p>	<p><b>MARCH</b> Cordlife Philippines opened its Davao City satellite office in collaboration with the Lanang Premiere Doctors Hospital.</p> <p><b>JUNE</b> Attained AABB accreditation for the fourth time.</p> <p><b>JULY</b> Successfully passed ISO 9001:2015 audit for the fifth time.</p> <p><b>OCTOBER</b> Launched Chromosomal Microarray Analysis, offering high-resolution analysis for detecting chromosomal abnormalities than traditional prenatal screening tests.</p>	<p><b>MARCH</b> Cordlife Indonesia successfully passed the ISO 9001:2015 surveillance audit.</p> <p>Launched a brand new medical laboratory for clinical pathology in Central Jakarta providing high-quality, convenient, and cost-effective services.</p> <p><b>AUGUST</b> Expanded lifestyle genetic screening to encompass health and diet panels.</p> <p><b>OCTOBER</b> Attained AABB accreditation for the third time.</p>	<p><b>JANUARY</b> Cordlife India renewed its DCGI licence.</p> <p><b>APRIL</b> Attained AABB accreditation for the sixth time.</p> <p>Attained NABL accreditation for the second time.</p> <p><b>OCTOBER</b> Opened a diagnostics laboratory in Kolkata, offering value-added services and various health screening packages for patients to gain a comprehensive view of their health.</p> <p><b>NOVEMBER</b> Attained WHO GMP certification for the 10th time.</p> <p><b>DECEMBER</b> Successfully passed the ISO 9001:2015 audit for the third time.</p>



# FINANCIAL AND OPERATIONS REVIEW

The ongoing investigations by Ministry of Health (“MOH”) and the Suspension of the Group’s operations in Singapore are expected to continue to have a negative financial impact on the Group. For more information, please refer to Note 2.1, 35 and 36 of the Financial Statements of the Group for FY2023. The Suspension and ongoing investigations are isolated to the Group’s operations in Singapore and do not impact the operations of the subsidiaries located outside Singapore.

## REVENUE

For the year ended 31 December 2023 (“FY2023”), the Group reported revenue of S\$55.7 million, a 1.0% increase compared to S\$55.2 million for the year ended 31 December 2022 (“FY2022”).

Banking revenue increased from S\$50.8 million in FY2022 to S\$51.3 million in FY2023. The number of new samples processed and stored fell by 3.8% year over year (“YoY”), primarily as a result of a decline in India, with increases in the Philippines and Hong Kong partially offsetting this trend. Despite the decline in new samples processed and stored, banking revenue increased, partly due to the higher selling price per contract in the Philippines and Hong Kong compared to India. Additionally, there were more conversions to high-value plans and lower discounts provided, which increased the overall average revenue per new sample stored.

In FY2023, diagnostics revenue grew by 2.9% YoY, mainly due to an increase in testing volume in Hong Kong, the Philippines and Singapore.

## PROFITABILITY AND MARGINS

Gross profit increased marginally by S\$0.1 million to S\$37.3 million in FY2023, mainly due to the increase in new samples processed and stored in Hong Kong, which has a higher profit margin, offset by a decrease in new samples processed and stored in India and Indonesia. Gross profit margin decreased to 66.9% in FY2023 as compared to 67.4% in FY2022, mainly due to inflationary pressures resulting in a higher cost of service delivery as well as the fixed running costs being incurred in Singapore despite the suspension.

In FY2023, the Group’s operating profit decreased by 35.4% to S\$2.7 million, partly due to the suspension of the Group’s operations in Singapore, which impacted the growth in gross profit despite additional investments in selling and marketing expenses, which increased 7.2% YoY. Administrative expenses also increased 3.9% YoY.

The Group ended FY2023 with a decrease in net profit of 27.0% YoY to S\$3.6 million compared to S\$4.9 million in FY2022. Net profit margin also decreased to 6.4% in FY2023 from 8.9% in FY2022.

## FINANCIAL POSITION AND CASH FLOWS

The Group’s balance sheet comprises cash and cash equivalents, fixed deposits, and investments of S\$82.5 million as at 31 December 2023, up from S\$79.3 million as at 31 December 2022. The Group’s cash and cash equivalents increased by S\$5.0 million from S\$13.4 million as at 31 December 2022 to S\$18.4 million as at 31 December 2023, mainly due to an increase in cash generated from operating activities of S\$9.8 million and dividend received from associate of S\$0.5 million, partially offset by the purchase of property, plant and equipment and intangible assets of S\$2.8 million.

Net cash generated from operating activities of S\$9.8 million comprised mainly operating cash flows before movements in working capital of S\$4.3 million, net working capital inflow of S\$3.4 million and net interest received of S\$3.2 million offset by net income tax paid of S\$1.1 million.

The Group’s fixed deposits and investments decreased by S\$1.8 million from S\$65.9 million as at 31 December 2022 to S\$64.1 million as at 31 December 2023, mainly due to the weakening of the Malaysian ringgit and Indian rupee against the Singapore dollar, which resulted in translation losses on fixed deposits in the subsidiaries in Malaysia and India, offset by the net transfers to term deposits from cash and cash equivalents of S\$0.3 million.

## MARKET DEVELOPMENTS

The Group will work towards developing its healthcare solutions and tapping on both organic and inorganic opportunities for growth. Our focus remains on expanding our products, services, and geographic footprint. In FY2023, the Group ventured into two markets—Cambodia and Vietnam—to achieve these goals. In Cambodia, Cordlife appointed IS Premium Lab as its distribution partner to provide genetic testing and non-invasive prenatal testing services. The Group now offers a wide range of diagnostics services in Singapore, Hong Kong, India, the Philippines, Indonesia, and Malaysia. In Vietnam, the Group incorporated a wholly-owned subsidiary to provide, amongst others, management consulting and development services. The Group opened a new medical laboratory for clinical pathology in Central Jakarta, Indonesia and a diagnostics laboratory in Kolkata, India, offering health screening services. Cordlife Philippines also opened its Davao City satellite office in collaboration with the Lanang Premiere Doctors Hospital. Through these initiatives, Cordlife aims to provide high-quality, cost-effective and comprehensive services to a wider base of customers, helping them live healthier and happier lives.

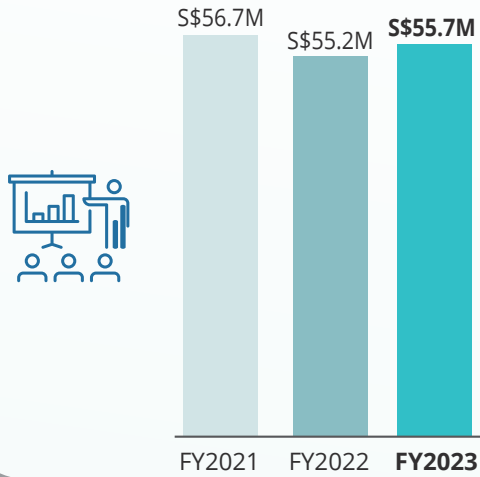
Stemlife Malaysia entered into an agreement with Loh Guan Lye Specialists Centre to offer PBSC banking services. To meet the future demand for advanced cell therapies and regenerative medicine, the Group partnered with Medixcell, a cGMP-certified umbilical cord mesenchymal stem cell manufacturer, to launch mesenchymal stem cell expansion, manufacturing, and storage services in Malaysia.

Committed to supporting industry research and development, Cordlife Hong Kong collaborated with Hong Kong Regen Medtech Limited for a two-year study on the application of umbilical cord mesenchymal stem cell-derived secretomes for osteoarthritis treatment. Expanding its offerings further, Cordlife Hong Kong, Indonesia and the Philippines launched a broader panel of lifestyle genetic test services, among others, while Healthbaby Hong Kong launched placenta banking storage using the exclusive CellMaxima™ patent. By expanding our presence in Asia and broadening the scope of our business, we aim to gain a competitive advantage, achieve economies of scale, and capture more market share.

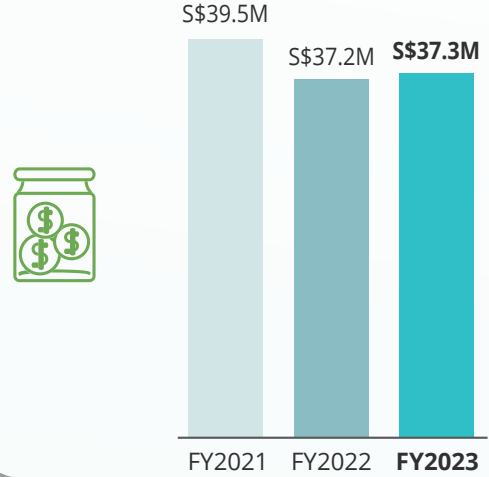
In the digital healthcare space, the Group has revamped the Moms Up mobile application to be more user-friendly, engaging, and relevant, with short-form content for busy mothers and expectant parents. With over 200 million impressions to date, Moms Up can be downloaded in six key markets, including Singapore, Malaysia, Indonesia, the Philippines, India, and Hong Kong. Since its launch in 2021, Moms Up has garnered more than 160,000 downloads, 67,000 active users, and a high engagement rate of 70%. The Group aims to form more user communities and enhance the app with more interactive and e-commerce capabilities to attract more users.

# FINANCIAL HIGHLIGHTS

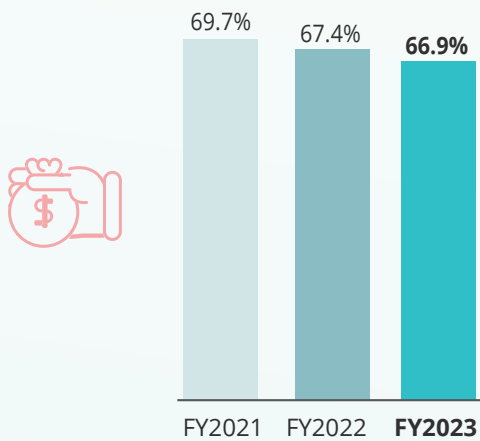
## REVENUE



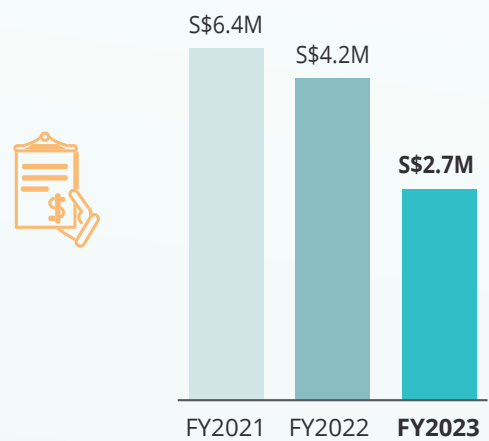
## GROSS PROFIT



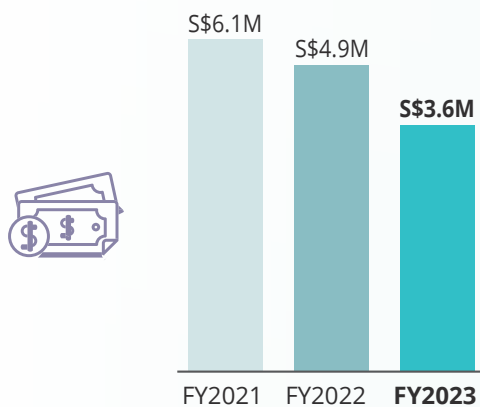
## GROSS PROFIT MARGIN



## PROFIT BEFORE INCOME TAX FROM OPERATIONS

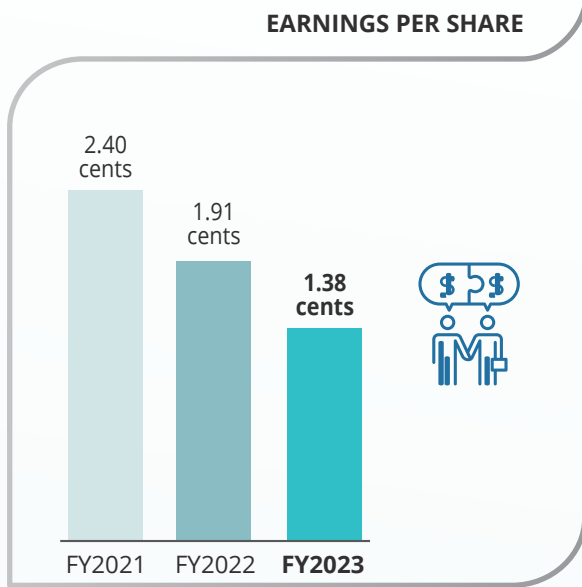


## NET PROFIT

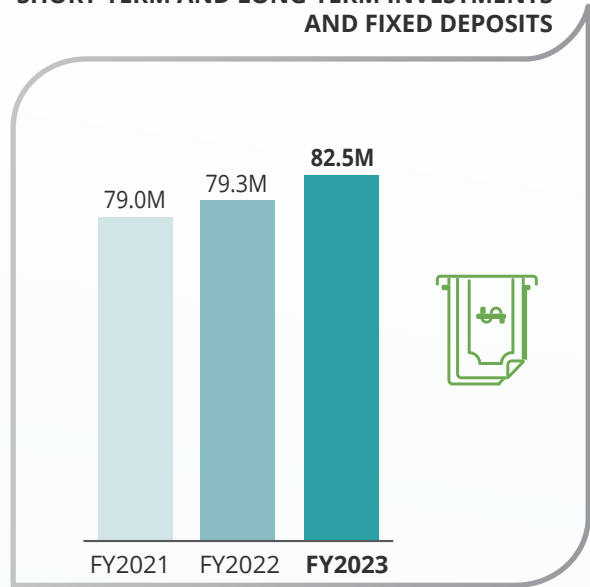


# FINANCIAL HIGHLIGHTS

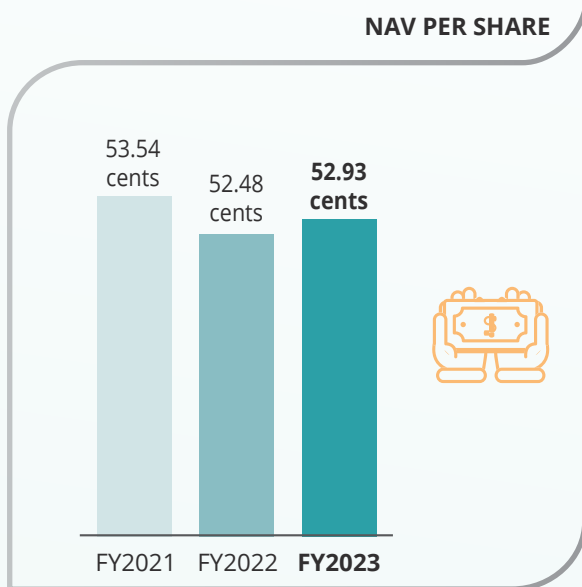
## EARNINGS PER SHARE



## CASH AND CASH EQUIVALENTS, SHORT-TERM AND LONG-TERM INVESTMENTS AND FIXED DEPOSITS



## NAV PER SHARE



# CORPORATE SOCIAL RESPONSIBILITY

## PIONEERING CORPORATE SOCIAL RESPONSIBILITY IN HEALTHCARE

For over two decades, Cordlife has been focused on revolutionising healthcare solutions, driven by a core commitment to quality, innovation, and technological advancement. As we commemorate our 22<sup>nd</sup> anniversary, Cordlife continues its legacy of making a meaningful impact beyond the realm of healthcare through meaningful corporate social responsibility (“CSR”) programmes and activities across our regional offices.

### Spreading Joy and Laughter

In January 2023, Cordlife Singapore embarked on a heartwarming CSR initiative in collaboration with Canossaville Children and Community Services. In the spirit of the Lunar New Year, Cordlife employees joined hands to handcraft special Chinese lanterns, spreading joy and laughter to the children of Canossaville. This initiative not only showcased Cordlife’s dedication to community engagement but also fostered a sense of solidarity and goodwill.



### Empowering Hearing Health in Support of World Hearing Day

In March 2023, Cordlife Singapore participated in commemorating World Hearing Day. Understanding the importance of hearing care, Cordlife Singapore organised complimentary hearing screenings for children from Canossaville Children and Community Services at a local community centre. By offering access to essential healthcare services, Cordlife Singapore aimed to raise awareness about hearing impairment and promote proactive measures for early detection and intervention.

Other than cord blood, cord lining, and cord tissue banking, Cordlife offers families a comprehensive suite of clinical diagnostics, which includes Earscreen™, a non-invasive screening test for the early detection of potential hearing problems in children aged from 6 months to 6 years old. Even infants who pass their newborn hearing test may still be at risk of delayed-onset or acquired hearing loss due to ototoxic medications, nervous system trauma, infectious diseases like meningitis, and harmful noise levels.

A cohort study involving 32,000 school-aged children in the United Kingdom found that nearly half of those with hearing loss had passed newborn hearing screening. Cordlife hopes that by hosting such events, parents will recognise the importance of ensuring that their child does not have hearing problems to prevent lifelong challenges in speech, language, academics, and social-emotional skills.



### Celebrating Diversity in Indonesia

Across the borders, Cordlife Indonesia exemplified the transformative power of CSR by partnering with POTADS (Community of Parents with Down Syndrome Children) to organise a vibrant celebration showcasing the talents of children with Down syndrome. Down syndrome is a genetic disorder characterised by the presence of an extra chromosome at birth. Cordlife offers Non-Invasive Prenatal Testing (“NIPT”) to expectant mothers in Singapore, Indonesia, Malaysia, Hong Kong, and the Philippines, through obstetricians. This advanced testing helps identify the potential risk of Down syndrome and other chromosomal defects in the foetus. The inclusive nature of this event not only celebrated diversity but also empowered children with special needs to illuminate their community with their unique abilities.



# CORPORATE SOCIAL RESPONSIBILITY

## Cordlife Hong Kong and Healthbaby Hong Kong Dressed Red for Thalassaemia

In October 2023, Cordlife Hong Kong and Healthbaby Hong Kong rallied behind the “Dress RED for Thalassaemia” campaign, a commendable initiative aimed at raising awareness of thalassaemia, one of the world’s most common inherited blood disorders. Thalassaemia patients rely on regular blood transfusions because their bodies are not able to produce enough haemoglobin, a vital protein in red blood cells responsible for oxygen transportation from the lungs to tissues. If left untreated or inadequately managed, thalassaemia can lead to life-threatening complications. A well-established treatment for thalassaemia is the transplantation of haematopoietic stem cells, which can be found in cord blood. By raising funds and donning red attire, the teams at Cordlife Hong Kong and Healthbaby Hong Kong demonstrated solidarity with thalassaemia patients and underscored the importance of cord blood banking.



## Cordlife Indonesia’s Compassionate Support in Honour of National Customer Day and Blood Cancer Awareness Month

In another poignant gesture of support, Cordlife Indonesia honoured National Customer Day and Blood Cancer Awareness Month in September by donating to YKAKI (Yayasan Kasih Anak Kanker Indonesia), an institution dedicated to caring for children battling cancer. This act of philanthropy not only alleviated the burden of families grappling with medical challenges but also reinforced Cordlife’s commitment to making a positive difference in the lives of those in need.



## Uniting for World Cord Blood Day

Each year, on 15 November, the global community comes together to observe World Cord Blood Day, and Cordlife marked this momentous occasion by coordinating the efforts of the Group’s companies to spread messages about the importance of cord blood and its benefits. Across various nations, our teams orchestrated activities such as educational webinars and events with the aim of educating expectant parents and the public about the advancements in cord blood transplantation and the remarkable successes in cord blood releases worldwide.



## BOARD OF DIRECTORS



**DR HO CHOON HOU**  
*Acting Chairman, Non-Independent  
Non-Executive Director*

**Dr Ho Choon Hou** was first appointed as a Director of the Company in June 2011 and was last re-elected on 28 April 2023. He was re-designated as Non-Independent Non-Executive Director with effect from 1 December 2021. Following the re-designation, Dr Ho took on the position of Vice Chairman of the Board. With effect from 29 February 2024, Dr Ho was appointed as Acting Chairman of the Board until the appointment of a new Chairman of the Board.

Dr Ho is the Managing Director of Southern Capital Group Limited, where he is responsible for the origination and execution of investments. He is also the Independent Director of Advanced Holdings Limited, Vividthree Holdings Ltd. and Mclean Berhad.

Dr Ho holds a Bachelor of Medicine and Bachelor of Surgery (Honours) from the University of Sheffield, as well as a Master of Medicine (Surgery) from the National University of Singapore and a Master of Business Administration (Honours) from the University of Chicago (Graduate School of Business).



**MR JOSEPH WONG WAI LEUNG**  
*Independent Director*

**Mr Joseph Wong Wai Leung** was appointed as an Independent Director of the Company on 23 September 2014 and was last re-elected on 29 April 2022. He was re-designated as Chairman of the Board on 1 December 2021, and stepped down as Chairman of the Board with effect from 28 February 2024. Mr Wong will remain an Independent Director of the Company.

Mr Wong has a wealth of experience in the financial services industry. He started his career at Big Four auditing firms, PricewaterhouseCoopers and Deloitte Touche Tohmatsu, Hong Kong ("Deloitte"). At Deloitte, he was engaged in a wide spectrum of business domains, including initial public offerings, taxation, and asset protection plans for high-net-worth individuals. Subsequently, he worked at Credit Agricole (Suisse), Hong Kong, where he advised clients on wealth management.

Mr Wong holds a Bachelor of Commerce from the University of Calgary in Alberta, Canada.



## BOARD OF DIRECTORS



**MR YEO HWEE TIONG**  
*Independent Director*

**Mr Yeo Hwee Tiong** was appointed as an Independent Director of the Company on 22 May 2018 and was last re-elected on 28 April 2023.

Mr Yeo has more than 28 years in the healthcare and project management industry and has been involved in the pre-development and planning, construction, project management, hospital management and restructuring of hospitals in Singapore, Malaysia, Myanmar and Vietnam. Mr Yeo was instrumental in the restructuring and turning around of three hospitals in Singapore and Malaysia. Of these, he listed two in Singapore. Mr Yeo also has experience in Vietnam, taking a greenfield hospital project from inception to completion and into hospital management. In the project management sector, Mr Yeo has been involved at a senior level in Singapore, India, Vietnam and New Zealand where he project-managed large office complexes, air terminals, industrial park, microwave tower, medical centres and hospitals. Prior to his current portfolio, Mr Yeo held positions as the Group Chief Executive Officer with Singapore Women's & Children's Medical Group Pte Ltd, Principal with KPMG, Deal Advisory, Healthcare (Singapore and Asia Pacific) and also the Group Chief Executive Officer with Thomson Medical Centre Ltd.

Mr Yeo obtained his Bachelor of Science in Building from Heriot-Watt University, Edinburgh, United Kingdom. He also holds a Master of Science (Project Management) from the National University of Singapore.



**MR CHEONG TUCK YAN TITUS JIM**  
*Independent Director*

**Mr Titus Cheong** was appointed as an Independent Director of the Company on 1 December 2021 and was last re-elected on 29 April 2022.

Mr Cheong was most recently the Chief Financial Officer of Pasture Holdings Ltd, a global pharmaceutical and medical supplies company, which he helped to list on the Singapore Exchange Catalist in 2023. Prior to this, Mr Cheong served as the Board Advisor and Chief Financial Officer of the Tuck Lee family from 2017 to 2020. The family has businesses in the FMCG cold chain industry in Singapore, China and Malaysia, including manufacturing, warehousing, logistics, F&B distribution and other FMCG products. He also served as interim CFO for JCS Biotech, a hospital disinfectant company and BBD-Ozonator, a hospital waste-to-energy recycling company. He formerly served as the Director of the Programs Oversight Committee and Co-Chair of the Investment Committee at the Singapore International Foundation, where he supported healthcare programmes and managed funds and endowments ranging from US\$33M to \$150M for them and for other foundations as well. Mr Cheong is a seasoned corporate advisor with expertise in corporate turnaround, M&A, corporate finance, and business and IT strategy. He has previously held positions such as Managing Director of Renoir Consulting, Senior Vice President of Singapore Medical Group, Foundation Secretary of Putera Sampoerna Foundation in Indonesia, Regional Director of KPMG Consulting and Regional Director of Hewlett Packard.

Mr Cheong is an Associate Member of the Singapore Institute of Directors. He graduated from the University of Toronto, Canada, with a Bachelor's degree, specialising in finance and economics. He is trained in Six Sigma project management and Design Thinking. He also earned a certificate in Social Leadership from the NVPC-run Harvard Kennedy School.

## BOARD OF DIRECTORS



**MR ZHAI LINGYUN**  
*Non-Independent Non-Executive Director*

**Mr Zhai Lingyun** was appointed as a Non-Independent Non-Executive Director of the company on 12 December 2019 and last re-elected on 28 April 2023.

Mr Zhai is currently the Chairman of Nanjing Xinjiekou Department Store Co., Ltd. He is also the Chairman of Dendreon Pharmaceuticals LLC, an immunotherapy company based in California, and Shandong Cord Blood Bank, a cord blood stem cell preservation company based in China.

Prior to his current portfolio, Mr Zhai was General Manager of Anhui Branch of Ping An Annuity Insurance Company of China, Ltd for six years. Subsequently, he joined Anhui Xinhua Distribution (Group) Holding Co., Ltd as Deputy General Manager. During his six-year stint overseeing and managing this traditional large-scale state-owned group in culture and media, he reformed the entire management system, revitalised its business and regained its market position.

In his last position in the Group, he served as Vice Chairman and General Manager of Anhui Xinhua Media Co., Ltd., a holding company listed on Shanghai Stock Exchange ("SSE") where the company achieved remarkable gains in market capitalisation under his stewardship.

Mr Zhai holds a Certificate in Economics from Anhui Investment Management Institute. He also obtained his MBA in Financial Management from University of Luton, United Kingdom. In addition, he was accredited as Senior Economist by the Personnel Department of Anhui Province, China and awarded a Certificate of Advanced Management Programme from China Europe International Business School (CEIBS), China.



**MS CHEN XIAOLING**  
*Non-Independent Non-Executive Director*

**Ms Chen Xiaoling** was appointed as a Non-Independent Non-Executive Director of the Company on 1 December 2021 and was last re-elected on 29 April 2022.

Ms Chen Xiaoling has over eight years of healthcare expertise, specialising in M&A and post-merger integration, strategic planning, corporate finance and branding. She is currently the Senior Assistant President and Senior Director of Strategy Department in Immune-Therapy & Stem Cell Business Unit of Nanjing Xinjiekou Department Store Co., Ltd, a Shanghai Stock Exchange-listed company. Ms Chen is in charge of the Group's domestic and international healthcare business, including stem cell banking, cell immunotherapy, diagnostics, digital healthcare, hospital management as well as eldercare and healthcare at home. These companies include US-based Dendreon, Israel-based Natali, An Kang Tong, He Kang Healthcare and Shandong Cord Blood Bank. She is also a member of the Board of Supervisors of Shandong Cord Blood Bank and a member of the Board of Directors of Findgene and Dendreon US.

Ms Chen has previously worked on various M&A transactions in China and abroad, including the acquisitions of House of Frasers, Hamleys and Dendreon, in which she was involved in all stages of the transactions, including due diligence, agreement negotiation and post-merger integration. Prior to joining Nanjing Xinjiekou Department Store Co., Ltd, Ms Chen served as the Director of International Affairs Management Centre at Sanpower Group and Project Manager at UK-based Sinobridge.

Ms Chen graduated from University of Bath with a Master's degree. She also has a Bachelor of English Literature and Culture from Southwestern University of Science and Technology.

## BOARD OF DIRECTORS



**MR YIU MING YIU**  
*Non-Independent Non-Executive Director*

**Mr Yiu Ming Yiu** was appointed as a Non-Independent Non-Executive Director of the Company on 1 December 2021 and was last re-elected on 29 April 2022.

Mr Yiu is the Chairman of Everest-Fortune (China) Commercial Factoring Co., Ltd, a company principally engaged in factoring business in Mainland China. He is in charge of over RMB250M in factoring contracts with clients, and he is constantly adjusting the factoring portfolio to ensure a diversified client base. Mr Yiu also identifies key and uprising markets that provide the company's factoring capital with a reasonable risk return. Mr Yiu is also the Vice Chairman of Transglobal Group (International) Limited, which specialises in real estate development as well as the building and operation of toll road assets in Hong Kong and Mainland China.

Mr Yiu has a Master's degree in Business Administration from Peking University Guanghua School of Management, as well as a diploma in Business Information Technology from Ngee Ann Polytechnic.



**MR CHOW WAI LEONG**  
*Non-Independent Non-Executive Director*

**Mr Chow Wai Leong** was appointed as a Non-Independent Non-Executive Director of the Company on 1 December 2021 and was last re-elected on 29 April 2022.

Mr Chow is a General Manager at Honeywell's Safety and Productivity Solutions. He is currently based in China and leads a global team to develop, manufacture and promote products and software solutions to help improve productivity, workplace safety and asset performance. He has held multiple leadership positions, including software and consultancy sales director and business development director, focusing on the refining and petrochemical industries.

Mr Chow graduated with an honours degree from Nanyang Technological University Singapore with a major in Computer Engineering. He holds an Executive MBA from Peking University Guanghua School of Management. In addition, he has also completed the Global Leadership Programme at Thunderbird University, Phoenix, Arizona.



## KEY EXECUTIVES



**MR YIU PANG FAI (IVAN)**  
*Group Chief Executive Officer*

**Mr Yiu Pang Fai (Ivan)** was first appointed as Group Chief Executive Officer of the Company on 19 February 2024.

Prior to his current appointment, Mr Yiu served as the Executive Director of TransGlobal Group's Family Office division in Hong Kong, where he played a pivotal role in overseeing the evaluation of new investment opportunities for the company. Before joining TransGlobal Group, Mr Yiu served as an Investment Manager at Macquarie Infrastructure and Real Assets in Singapore, where he significantly contributed to the Asia Pacific investment team. His responsibilities included evaluating infrastructure opportunities, managing funds and assets, and deal execution. Additionally, he held executive positions at Popular Holdings Limited, Sichuan Chengmian Expressway Co. Ltd., and Hebei Shitai Expressway Co. Ltd.

Mr Yiu holds a Bachelor of Science in Business Administration with a focus on Finance and Business Economics from the University of Southern California.



**MS THET HNIN YI**  
*Group Chief Financial Officer*

**Ms Thet Hnin Yi** was appointed as the Group Chief Financial Officer on 16 January 2023. She is responsible for the Group's finance as well as treasury functions, and she supports the Group CEO in achieving the Group's strategic vision. She also assists in the development of new businesses and maintains investor relations.

Ms Thet joined the Group in June 2011, following the Company's demerger from Life Corporation Limited ("LCL") (previously known as Cordlife Limited). She began her tenure at LCL as a Senior Finance Manager in December 2007 and assumed the role of Chief Financial Officer of the Group in August 2013, assuming responsibility for all financial and accounting functions such as financial reporting, management reporting, and budgeting. She was re-designated as Group Finance Director in February 2017.

Prior to joining LCL, Ms Thet held various positions at Ernst & Young LLP from 2001 to 2007, including Audit Manager, where she was responsible for audits of publicly listed and multinational companies, and Learning and Development ("L&D") Training Manager, where she provided training to audit assistants and seniors as part of the L&D initiative to develop organisational and people capabilities. From 1997 to 2001, she held various positions at Tan Wee Tin & Co.; her last position was Audit Supervisor, where she was in charge of auditing small and medium enterprises as well as multinational companies.

Ms Thet holds a Master of Business Administration from the University of Manchester and a Diploma in Accountancy from Ngee Ann Polytechnic. She is also a Fellow of the Association of Chartered Certified Accountants, United Kingdom, and a Chartered Accountant of Singapore.



**MS JAMIE WOON GEOK PENG**  
*Group Director, Brand Development*

**Ms Jamie Woon** is responsible for the Group's marketing strategies, communications, and public relations efforts.

From August 2016 to June 2018, Ms Woon was the Group Director for Brand Development and Innovation, where she led pioneering initiatives in new product and service development. She previously served as Banking Business Unit Director from July 2014 until July 2016. In this role, she was responsible for the strategic and operational aspects of Cordlife's banking business, ensuring adherence to quality policies and objectives. Her journey with Cordlife began in October 2016, when she became the Regional Marketing Manager for LCL.

Before joining Cordlife, Ms Woon was Marketing Manager for Singapore and Malaysia at California Fitness and the Head of Communications Centre at the National Kidney Foundation (NKF), where she received the Employee Excellence Award.

Ms Woon graduated with a Master of Business Administration from Nanyang Technological University and a Bachelor of Science in Marketing from the University of Wales. She also has a Diploma in Chemical Process Technology from Singapore Polytechnic as well as an Advanced Management Programme certificate from the University of California in Berkeley.



**MS TAN HUIYING**  
*Group Director, Quality and Operations*

**Ms Tan Huiying** is responsible for group operations, information systems and technology, business development activities, and ensuring the Group's quality standards in service and product offerings are maintained according to applicable standards.

She was previously Business Unit Director, Diagnostics, from January 2014 to June 2016. Her responsibilities included developing and implementing growth and product strategies for the Group's diagnostics business to meet financial and non-financial goals.

Ms Tan joined LCL as a Business Development/Technical Executive in June 2006, where she was involved in technical and quality assurance projects, including facility design and build as well as the installation of quality management systems for ISO9001 certification. She has since taken on various regional operations, business development, and management roles at Cordlife, including that of Director of Philippines.

Ms Tan holds a Master of Business Administration with Accountancy and Finance specialisations from Nanyang Technological University, where she was placed on the Dean's Honours List. She also holds a Bachelor of Science (Honours) in Life Sciences from the National University of Singapore.

## KEY EXECUTIVES



**MS STELLA LEE MEI SUAN**  
*Group Director, Organisational  
Development*

**Ms Stella Lee** is responsible for the Group's overall organisational development and human capital development. Her responsibilities also include structuring the organisation matrix, building new capabilities in accordance with strategic business direction, and establishing a strong organisational culture.

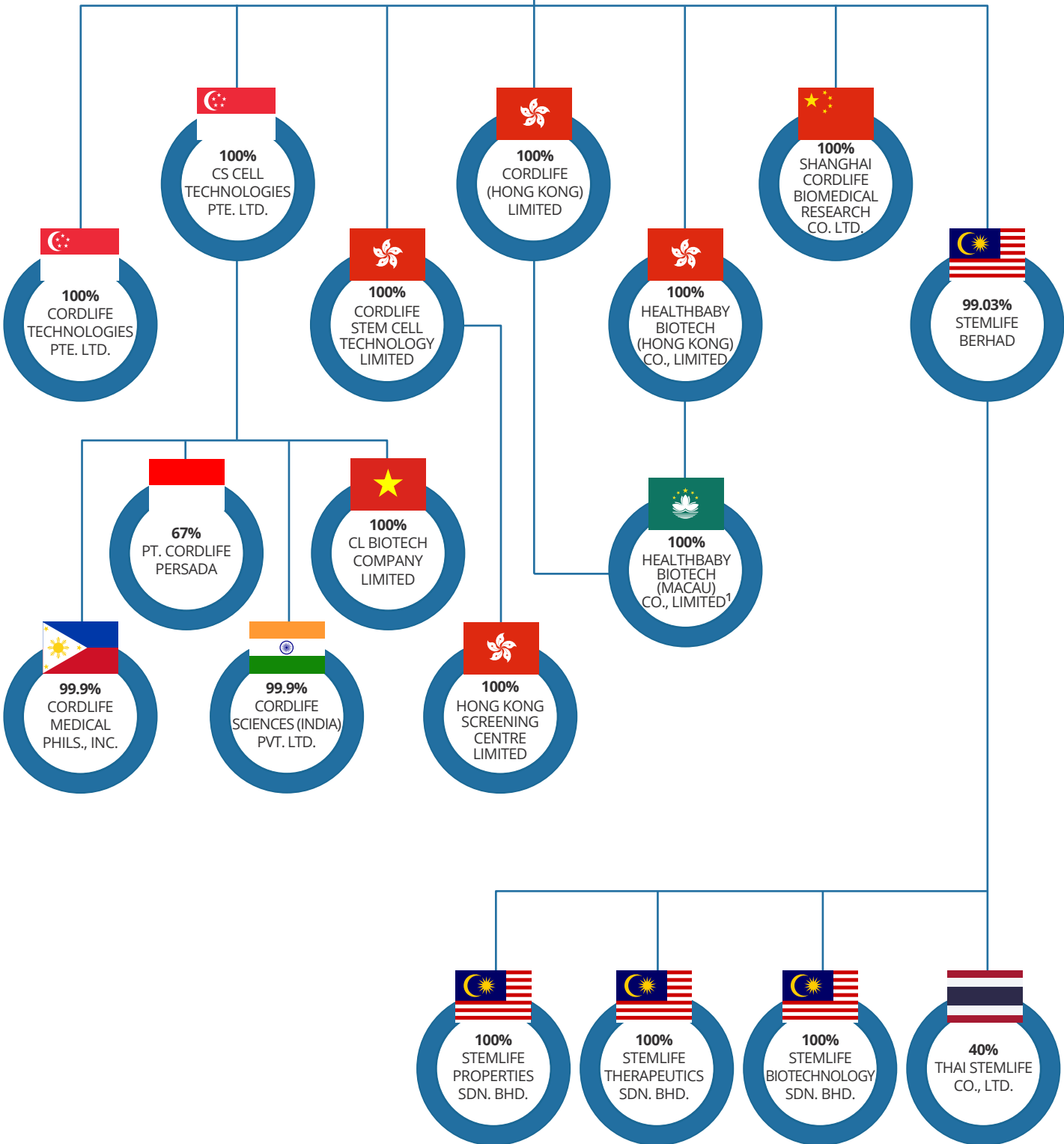
Ms Lee joined our Group in June 2011 as Deputy General Manager, following the demerger of our Company from LCL. She was appointed as Deputy Director, Organisation Development, in August 2013, before being promoted to Director, Organisation Development, in February 2014. Ms Lee had joined LCL in September 2004 as a Client Relations Executive. Subsequently, she rose to become Head of Business for Singapore and Head of Organisation Development (Corporate) in February 2007 and November 2009, respectively.

Prior to joining LCL, Ms Lee served as a Corporate Senior Sales Executive at R. Meyson Marketing Pte Ltd between April 2001 and May 2004. From 1995 to 1998, Ms Lee was a Sales Executive at Craftmark Marketing Pte Ltd and from 1991 to 1994, she was a Laboratory Technologist at the paediatrics department of the National University of Singapore.

Ms Lee obtained her Bachelor's degree in Economics from Murdoch University in April 2014 and a Master of Business Administration from Nanyang Technological University in July 2016. She also graduated with a Graduate Diploma in Organisational Psychology from the City University of New York and a Diploma in Biotechnology from Singapore Polytechnic in 2011 and 1991, respectively. Ms Lee is also a certified practitioner to administer the MBTI and Firo B instruments.

# GROUP STRUCTURE

cordlife



<sup>1</sup> Healthbaby Biotech (Macau) Co., Limited is 99.0% held by Healthbaby Biotech (Hong Kong) Co., Limited and 1.0% held by Cordlife (Hong Kong) Limited.

# CORPORATE INFORMATION

## BOARD OF DIRECTORS

### **Dr Ho Choon Hou**

*Acting Chairman and Non-Independent  
Non-Executive Director*

### **Mr Joseph Wong Wai Leung**

*Independent Director  
(Resigned as Chairman with effect  
from 28 February 2024)*

### **Mr Yeo Hwee Tiong**

*Independent Director*

### **Mr Cheong Tuck Yan Titus Jim**

*Independent Director*

### **Mr Zhai Lingyun**

*Non-Independent  
Non-Executive Director*

### **Ms Chen Xiaoling**

*Non-Independent  
Non-Executive Director*

### **Mr Yiu Ming Yiu**

*Non-Independent  
Non-Executive Director*

### **Mr Chow Wai Leong**

*Non-Independent  
Non-Executive Director*

## COMPANY SECRETARY

### **Ms Low Mei Wan, ACIS**

## REGISTERED OFFICE

1 Yishun Industrial Street 1  
A'Posh Bizhub, #06-01/09,  
Singapore 768160

[www.cordlife.com](http://www.cordlife.com)

## GROUP CORPORATE OFFICE

1 Kim Seng Promenade,  
#15-01, Great World City East,  
Singapore 237994

## REGISTRATION NUMBER

200102883E

## SHARE REGISTRAR AND SHARE TRANSFER OFFICE

### **Tricor Barbinder Share Registration Services**

9 Raffles Place, #26-01, Republic Plaza  
Singapore 048619

## INDEPENDENT AUDITORS

### **KPMG LLP**

### **Public Accountants and Chartered Accountants**

12 Marina View  
#15-01 Asia Square Tower 2  
Singapore 018961

Partner in-charge:

Ms Shelley Chan Hoi Yi

*(Appointed since financial year ended  
31 December 2023)*

## SOLICITORS TO THE COMPANY

### **WongPartnership LLP**

12 Marina Boulevard  
Level 28, Marina Bay  
Financial Centre Tower 3  
Singapore 018982

## BANKERS

### **DBS Bank Ltd**

### **United Overseas Bank Ltd**

### **Malayan Banking Berhad**

## INVESTOR RELATIONS

### **Financial PR Pte Ltd**

4 Robinson Rd  
#04-01, The House of Eden  
Singapore 048543  
Tel: (65) 9229 4410

Email: [investor.relations@cordlife.com](mailto:investor.relations@cordlife.com)

Contact person:

### **Mr Kamal Samuel**



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# CORPORATE GOVERNANCE REPORT

**CORDLIFE GROUP LIMITED** (the “Company”) recognises the importance of good corporate governance practice to the healthy growth of the Company and its subsidiaries (the “Group”) and is committed to high standards of corporate governance within the Group to advance its mission to create value for the Group’s stakeholders.

The Company has endeavoured to adhere to the principles and provisions as set out in the Code of Corporate Governance 2018 (the “Code”) during the financial year ended 31 December 2023 (“FY2023”). This Corporate Governance Report (the “Report”) describes the Group’s corporate governance practices and sets out the manner in which the Group has applied the principles and the extent of compliance with the guidelines as set out in the Code, and where applicable, the Listing Manual of the Singapore Exchange Securities Trading Limited (“SGX-ST”) (the “Listing Manual”). Where there have been deviations from the Code, appropriate explanations have been provided in this Report.

In the opinion of the Board of the Directors of the Company (each a “Director”, and collectively the “Board” or “Directors”), the Company has generally complied with all of the provisions set out in the Code for FY2023. The Board has considered that the alternative practices adopted by the Company are sufficient to meet the underlying objectives of the Code.

## Board Matters

### Principle 1: The Board’s Conduct of Affairs

The Board’s role is to:

- (a) provide entrepreneurial leadership, set strategic objectives, and ensure that the necessary financial and human resources are in place for the Company to meet its objectives;
- (b) establish a framework of prudent and effective controls that enables risks to be assessed and managed, including safeguarding of shareholders’ interests and the Company’s assets;
- (c) review management performance;
- (d) identify the key stakeholder groups and recognise that their perceptions affect the Company’s reputation;
- (e) set the Company’s values and standards (including ethical standards), and ensure that obligations to shareholders and other stakeholders are understood and met; and
- (f) consider sustainability issues, e.g. environmental and social factors, as part of its strategy formulation process.

In fulfilling the Board’s role, the Board oversees the Group’s overall policies, strategies and objectives, key operational initiatives, performance and measurement, internal control and risk management, major funding and investment proposals, financial performance reviews and corporate governance practices.

The Board reserves for its own decision on matters such as, amongst others: (a) corporate restructuring; (b) mergers and acquisitions; (c) major investments and divestments; (d) material acquisition and disposal of assets; (e) major corporate policies on key areas of operations; (f) commitments to term loans and lines of credits from banks and financial institutions; (g) the annual strategic plan and budget; (h) share issuance; (i) declaration of interim dividends and proposed declaration of final dividends; (j) financial results for release to the SGX-ST; (k) interested person transactions of a material nature; and (l) appointment of Directors and change in composition of the Board Committees.

Following the amendment to Rule 705 of the Listing Manual, which took effect from 7 February 2020, the Company ceased quarterly reporting and adopted half-yearly reporting of the Company’s and Group’s financial statements, having considered the compliance efforts and costs in connection with quarterly reporting. To keep investors updated on the Company’s quarterly performance, the Company releases business update announcements after the Board has reviewed its first and third quarter financial results.

The schedule of the Board and Board Committee meetings as well as the Annual General Meeting (“AGM”) of the Company are planned well in advance. The Board will meet at least four (4) times a year as per the scheduled meeting calendar. In addition to the scheduled meetings, ad hoc Board meetings are also convened as and when they are deemed necessary in between the scheduled meetings. The Constitution of the Company provides that the Directors may convene meetings by way of telephone conference, video conference, audiovisual or similar means. When a physical Board meeting is not possible, timely communication with members of the Board is achieved through electronic means and the circulation of written resolutions for approval by the relevant members of the Board or Board Committees.

# CORPORATE GOVERNANCE REPORT

To assist in the execution of its responsibilities and enhance the effectiveness of the Board, the Board is supported by the Audit and Risk Committee (“ARC”), the Nominating Committee (“NC”), and the Remuneration Committee (“RC”). The Board Committees operate within clearly defined terms of reference and functional procedures, which are reviewed on a regular basis. Details of each Board Committee, including the composition and terms of reference, can be found subsequently in this Report.

As of the date of this report, the members of the Board, the nature of the Directors’ appointment to the Board and their membership on the Board Committees are set out below:

Name of Director	Position	ARC	RC	NC
Dr Ho Choon Hou	Acting Chairman and Non-Independent Non-Executive Director	Member	N.A.	N.A.
Joseph Wong Wai Leung	Independent Director	Member	Member	N.A.
Yeo Hwee Tiong	Independent Director	Member	Chairman	Chairman
Cheong Tuck Yan Titus Jim	Independent Director	Chairman	Member	Member
Zhai Lingyun	Non-Independent Non-Executive Director	N.A.	N.A.	Member
Chen Xiaoling	Non-Independent Non-Executive Director	N.A.	Member	N.A.
Yiu Ming Yiu	Non-Independent Non-Executive Director	Member	N.A.	N.A.
Chow Wai Leong	Non-Independent Non-Executive Director	N.A.	Member	N.A.

In FY2023, a total of ten (10) Board meetings were held. The table below shows the attendance of the Directors at the last AGM in 2023 and the Board and respective Board Committee meetings in respect of FY2023<sup>(1)</sup>:

Name of Director	AGM	Board	ARC	RC	NC
	No. of meetings attended				
Joseph Wong Wai Leung <sup>(2)</sup>	1/1	10/10	4/4	1/1	N.A.
Dr Ho Choon Hou <sup>(3)</sup>	1/1	8/10	4/4	N.A.	N.A.
Tan Poh Lan <sup>(4)</sup>	1/1	10/10	N.A.	N.A.	N.A.
Yeo Hwee Tiong	1/1	10/10	4/4	1/1	2/2
Cheong Tuck Yan Titus Jim	1/1	10/10	4/4	1/1	2/2
Zhai Lingyun	1/1	5/10	N.A.	N.A.	1/2
Chen Xiaoling	1/1	9/10	N.A.	1/1	N.A.
Yiu Ming Yiu	1/1	9/10	4/4	N.A.	N.A.
Chow Wai Leong	1/1	9/10	N.A.	0/1	N.A.

<sup>(1)</sup> Refers to meetings held/attended while each Director was in office and in the respective Board Committees, if any.

<sup>(2)</sup> Mr Joseph Wong Wai Leung stepped down as Chairman of the Board and the ARC with effect from 28 February 2024.

<sup>(3)</sup> Dr Ho Choon Hou, the Vice Chairman and Non-Independent and Non-Executive Director of the Company, has been appointed as Acting Chairman of the Board with effect from 29 February 2024 until the appointment of a new Chairman of the Board.

<sup>(4)</sup> Ms Tan Poh Lan resigned as the Executive Director and Group Chief Executive Officer of the Company, with the effective date of cessation of her appointments taking effect on 19 February 2024.

A formal letter is provided to each Director upon his or her appointment, setting out the Director’s duties and obligations. The newly appointed Directors received an orientation that included briefings by the management of the Company (the “Management”) on the Group’s structure, strategic objectives, business operations and policies. They were also briefed by the Company’s legal counsel on ‘Director’s Duties and Responsibilities’ following their appointment. If the NC assesses that the new Directors require training, the Directors will also enrol in the Listed Entity Director Programme organised by the Singapore Institute of Directors. All the Directors were also given the opportunity to visit the Group’s operational facilities and interact with members of the Management team.

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# CORPORATE GOVERNANCE REPORT

In FY2023, the Directors were kept abreast of the changing commercial risks faced by the Company through briefings by the Management at Board meetings. The Directors were also updated on the latest changes in the Companies Act 1967 of Singapore, Listing Manual, the Code and the accounting standards by the relevant professionals at the quarterly Board meetings. The Directors also attended other training courses of their choice, and if the training is relevant to the performance of their duties as directors of the Company, expenses were borne by the Company.

## Principle 2: Board Composition and Guidance

The Board comprises eight (8) Directors of whom five (5) are NINEDs and three (3) are IDs.

With three (3) IDs on the Board out of eight (8) Directors, the Company maintains a strong and independent element on the Board with IDs making up one-third of the Board.

The Company defines an ID as one who has no relationship with the Company, its related corporations, its 5% shareholders or its officers that could interfere, or be reasonably perceived to interfere, with the exercise of the Director's independent business judgement with a view to the best interests of the Company. To be considered independent, the Director should not be someone who:

- (a) has been employed by the Company or any of its related corporations for the current or any of the past three financial years;
- (b) has an immediate family member who is, or has been in any of the past three financial years, employed by the Company or any of its related corporations and whose remuneration is determined by the RC;
- (c) himself/herself, or has an immediate family member, accepting any significant compensation from the Company or any of its related corporations for the provision of services, for the current or immediate past financial year, other than compensation for Board service;
- (d) is a 5% shareholder or an immediate family member of a 5% shareholder of the Company;
- (e) is or has been directly associated with a 5% shareholder of the Company, in the current or immediate past financial year; or
- (f) himself/herself, or whose immediate family member, in the current or immediate past financial year, is or was a 5% shareholder of, or a partner in (with a 5% or more stake), or an executive officer of, or a director of, any organisation to which the Company or any of its subsidiaries made, or from which the Company or any of its subsidiaries received, significant payments or material services (which may include auditing, banking, consulting and legal services), in the current or immediate past financial year. As a guide, payments aggregated over any financial year in excess of S\$200,000 should generally be deemed significant.

The NC reviewed the independence of Mr Joseph Wong Wai Leung ("Mr Joseph Wong"), Mr Yeo Hwee Tiong ("Mr Yeo"), and Mr Cheong Tuck Yan Titus Jim ("Mr Titus Cheong"). The NC noted that the three Directors have no relationship with the Company, its related corporations, its 5% shareholders or its officers that could interfere, or be reasonably perceived to interfere, with the exercise of the Director's independent business judgement with a view to the best interests of the Company, and they had exercised objective judgement on corporate affairs independently from Management. Mr Yeo and Mr Titus Cheong, who are the Chairman and a member of the NC respectively, had abstained from deliberation on their own independence.

The Company was listed on the SGX-ST on 29 March 2012. Pursuant to Rule 210(5)(d)(iv) of the Listing Manual of the SGX-ST, which would take effect from the annual general meeting for the Company's financial year ended 31 December 2023, any independent director who has served on the Board for an aggregate period of more than nine years (whether before or after listing) from the date of their first appointment will not be considered an ID following the conclusion of the Company's annual general meeting to be held in 2024. Mr Joseph Wong has served as a director of the Company for more than 9 years and he would be considered non-independent following the conclusion of the Company's annual general meeting to be held in 2024, or when there are changes in circumstances that warrant him to be non-independent.

The Board concurred with the views of the NC on the independence of the three IDs. Each of the IDs had abstained from deliberating and deciding on his own independence.

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# CORPORATE **GOVERNANCE** REPORT

The Board has two (2) Directors with medical and healthcare backgrounds, which are relevant to the business of the Company. They are Dr Ho Choon Hou and Mr Yeo. Both of them have extensive experience in managing healthcare companies. Mr Joseph Wong brings with him accounting and corporate finance experience. Mr Zhai Lingyun and Ms Chen Xiaoling bring with them vast experience in the biomedical and pharmaceutical industry, which is also relevant to the Company's business. Mr Titus Cheong, with his experience in private equity, investment and consulting, strengthens the corporate finance knowledge base on the Board. Mr Yiu Ming Yiu brings with him investment and factoring business knowledge, and Mr Chow Wai Leong offers experience in business development.

The Board is led by Dr Ho Choon Hou (previously Mr Joseph Wong, until he stepped down as Chairman with effect from 28 February 2024), the Acting Chairman who has extensive experience and network in the investing and business community, on top of his medical and healthcare background. He has also held a Chairman role from 2011 to 2016 and has contributed positively to the growth of the Company, especially in the area of strategic directions. The Board and the NC are also of the view that the current Board comprises Directors who bring with them a wealth of expertise and experience in areas of medical, pharmaceutical and healthcare, accounting and finance, business management, mergers and acquisitions, business development, as well as regional markets, which enable Management to benefit from a diverse and objective perspective on any issues raised before the Board. The Board also has gender diversity by having one (1) female Director on the Board. The Company has in place a Board Diversity Policy, which sets out the approach to diversity of the Board. The composition of the Board is reviewed at least annually, or as and when appropriate by the NC, in accordance with the Board Diversity Policy as well as other considerations, to ensure that there is a mix of experience and expertise to enable the Company to benefit from a diverse perspective from directors of different background. Key information on the Directors is set out on pages 15 to 18 of this Annual Report.

Pursuant to the Board Diversity Policy, the NC had recommended, and the Board had accepted, the following minimum diversity thresholds to be met by the composition of the Board moving forward:-

- (a) At least one (1) female director;
- (b) At least one (1) director with background in accounting and/or financing; and
- (c) At least one (1) director with experience in the Company's relevant industry.

As of FY2023, the above diversity thresholds have been met by the Board, and the Board and the NC shall regularly monitor and review the thresholds as and when required.

The Non-Executive Directors played a crucial role in helping to develop proposals surrounding the Company's strategies by challenging the strategies proposed by Management in a constructive manner. The Non-Executive Directors also met on several occasions on an informal basis in FY2023 without the presence of Management (including the Executive Director) to discuss matters relating to the Company and Management performance.

### **Principle 3: Chairman and Chief Executive Officer**

To ensure a clear division of responsibilities and a balance of power and authority within the Company, the roles of the Chairman and the Group Chief Executive Officer ("GCEO") of the Company are undertaken separately by Dr Ho Choon Hou (as Acting Chairman) and Mr Yiu Pang Fai respectively.

Prior to 29 February 2024, the Chairman of the Board was Mr Joseph Wong. Mr Joseph Wong has stepped down as Chairman of the Board with effect from 28 February 2024 due to his personal family and health reasons. Dr Ho Choon Hou has been appointed as Acting Chairman of the Board with effect from 29 February 2024 until the appointment of a new Chairman of the Board.

Provision 2.2 of the Code states that independent directors should make up a majority of the Board where the Chairman is not independent. The Board is in the process of identifying a new Chairman of the Board and Dr Ho Choon Hou shall cease to be the Acting Chairman after the new Chairman has been appointed.

The Acting Chairman, Dr Ho Choon Hou, leads the Board in adhering to and maintaining a high standard of corporate governance with the full support of the Directors and Management. He approves the agendas for the Board meetings and exercises control over, amongst others, the quality, quantity, accuracy and timeliness of information flow between the Board and Management of the Company. He facilitates timely communication between the Board and Management, between the Company and its shareholders and amongst the Board members inter se, with a view to encouraging constructive relations and dialogue amongst them. At the AGM and other shareholder meetings, the Chairman ensures constructive dialogue between shareholders, the other Directors and Management.

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# CORPORATE GOVERNANCE REPORT

Mr Yiu Pang Fai (previously Ms Tan Poh Lan, who was also an Executive Director) is the GCEO of the Company since 19 February 2024. He manages the businesses of the Group and implements the decisions made by the Board. The GCEO is responsible for the day-to-day operations of the Group, the formulation of the Group's strategic directions and expansion plans and managing the Group's overall business development strategies.

The performance and appointment of the Chairman and the GCEO are reviewed periodically by the NC and the remuneration packages of the Chairman and the GCEO are reviewed periodically by the RC. With the segregation of duties between the Chairman and the GCEO, the Board believes that there are adequate safeguards in place to prevent an uneven concentration of power and authority in a single individual.

## Principle 4: Board Membership

The NC is established to ensure that there is a formal and transparent process for all Board appointments and re-appointments. It is regulated by a set of written terms of reference endorsed by the Board and comprises a majority of IDs, including its Chairman:

Yeo Hwee Tiong (ID)	-	Chairman
Cheong Tuck Yan Titus Jim (ID)	-	Member
Zhai Lingyun (NINED)	-	Member

The functions of the NC include, amongst others:

1. reviewing and recommending (i) the Board succession plans of the Directors and the nomination for the re-election of Directors, including the Independent Directors, having regard to each Director's contribution and performance, taking into consideration each Director's contribution and performance at Board meetings, including attendance and participation; (ii) the development of a process for evaluation of the performance of the Board, the Board Committees and individual Directors; and (iii) the review of training and professional development programmes for the Board;
2. ensuring that all Directors submit themselves for re-election at regular intervals;
3. determining annually, and as and when circumstances require, whether or not a Director is independent in accordance with Principle 2 of the Code and any other salient factors;
4. reviewing and monitoring the implementation of the Board Diversity Policy;
5. deciding whether or not a Director is able to and has been adequately carrying out his or her duties as a Director of the Company; and
6. reviewing and approving any nominations for the appointment to the Board, including the disclosure of the search and nomination process.

The NC has in place a process for the selection and appointment of new directors. The need for the appointment of new directors is identified in areas where additional expertise and skills will add to the effectiveness and diversity of attributes of the current Board. The NC then identifies potential candidates by engaging professional firms and soliciting recommendations from Directors, Management and shareholders. The NC assesses the suitability of the potential candidates by evaluating the candidates' skills and knowledge, as well as the diversity needs of the Board. The required level of commitment and other information about the Company and the Board are communicated to the candidates to allow candidates to make an informed decision. The NC will then recommend its selected candidate to the Board for approval of the appointment.

The Directors do not currently have a fixed term of office. Pursuant to Articles 94 and 95 of the Company's Constitution, every Director is required to retire from office once every three years. One-third of Directors who have served the longest since their most recent election (or, if their number is not a multiple of three, the number nearest to but not less than one-third) must retire from office. In accordance with Article 100 of the Company's Constitution, the Directors who were newly appointed by the Board since the last AGM will have to retire at the forthcoming AGM. The retiring Directors are eligible to offer themselves for re-election.

In accordance with Article 94 of the Company's Constitution, Mr Cheong Tuck Yan Titus Jim, Ms Chen Xiaoling, Mr Yiu Ming Yiu and Mr Chow Wai Leong shall retire by rotation at the Company's forthcoming AGM. Being eligible, they had offered themselves for re-election.

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# CORPORATE **GOVERNANCE** REPORT

In accordance with Rule 210(5)(d)(iv) of the Listing Manual of the SGX-ST, a director who has served on the Board for an aggregate period of more than nine (9) years from the date of his appointment will not be considered independent upon conclusion of the next AGM. As at the date of this report, Mr Joseph Wong has served on the Board for more than nine (9) years from the date of his first appointment, 23 September 2014. Mr Joseph Wong, who is also subject to retirement by rotation pursuant to Article 94 of the Company's Constitution, has notified the Board that he will retire from the Board at the forthcoming AGM. Accordingly, Mr Joseph Wong will cease to be director of the Company upon conclusion of the forthcoming AGM and relinquish his position as a member of the ARC and the RC.

As at the date of this report, the Company is in the process of identifying candidates for an independent director and the relevant announcement shall be released to public via SGXNet when the appointment process is finalised.

In this regard, the NC, having considered the attendance and participation of the Directors at the Board and Board Committee meetings, in particular, their contribution to the business and operations of the Company, has recommended the re-election of all those Directors who had expressed their wish to be re-elected at the forthcoming AGM. The Board has concurred with the NC's recommendation.

Each member of the NC/Board had abstained from voting on any resolutions, making any recommendations and/or participating in any deliberations of the NC/Board in respect of their re-election as Director.

The NC has not fixed a maximum number of listed company board representations that the Directors can hold as the NC is of the opinion that the Directors are able to manage their commitment to their respective board representations. Each Director's performance is also evaluated based on their time and commitment given to the Board. The NC is satisfied that sufficient time and attention are being given by the Directors to the affairs of the Group, notwithstanding that some of the Directors have multiple board representations.

The Board would generally avoid approving the appointment of alternate directors. Alternate Directors, if any, would only be appointed for limited periods in exceptional cases, such as when a Director has a medical emergency. No Alternate Director has been appointed to the Board since the Company was listed on the SGX-ST on 29 March 2012.

The profile of the Directors, detailing their qualification, directorships in other listed companies, their appointment to the Board of the Company and the date of their last re-election, can be found on pages 15 to 18 of this Annual Report.

## **Principle 5: Board Performance**

The Board acknowledges the importance of a formal assessment of Board performance. It has adopted a formal system of evaluating Board performance with the use of evaluation forms to assess the effectiveness of the Board and Board Committees and the contribution of each Director. All Directors are required to complete the evaluation questionnaire annually.

The evaluation of the Board's performance as a whole deals with matters on Board composition, information flow to the Board, Board procedures and Board accountability. Factors such as the structure, size and processes of the Board and the Board's access to information, management and the effectiveness of the Board's oversight of the Company's performance are applied to evaluate the performance of the Board as a whole. The evaluation of the performance of an individual Director deals with matters on an individual Director's attendance at meetings, observance of the individual Director's duties towards the Company and the individual Director's know-how and interaction with fellow Directors.

As part of the evaluation process, each Director completes an evaluation form, which is then returned to the Company Secretary(ies) on a private and confidential basis for the compilation of average scores. The compiled results are then tabulated and tabled at the NC meeting for NC's review. The Chairman of the NC will then present the findings and recommendations of the NC to the Board.

The evaluation of Board performance is conducted annually to identify areas of improvement and as a form of good Board management practice. The last performance evaluation was carried out in February 2024 and the results have been presented to the NC on 29 February 2024 for review. The Company did not engage any external consultant or facilitator to assist with the performance evaluation of the Board, Board Committees and individual Directors for FY2023.

The NC is also satisfied that sufficient time and attention has been given by the Directors to the affairs of the Company, notwithstanding that some of the directors have multiple board representations. Based on internal assessments, the NC is satisfied that the Board has been effective as a whole and that each and every Director has contributed to the effective functioning of the Board and the Board Committees.

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# CORPORATE GOVERNANCE REPORT

## Access to Information

Board members are provided with complete, adequate and timely information prior to Board meetings to allow Directors sufficient time to review the Board papers. As and when there are important matters that require the Board's attention and decision, the information will be furnished to the Directors as soon as practicable. All Directors have independent access to the Group's senior management and the Company Secretary(ies). All Directors receive complete and adequate information prior to Board meetings and on an ongoing basis. The information provided includes, amongst others, background or explanatory information relating to matters to be brought before the Board, copies of disclosure documents, budgets, forecasts, key agreements and monthly internal financial statements.

The Company Secretary(ies) and/or their assistant attend most of the Board and Board Committees meetings and provide corporate secretarial support to the Board, ensure adherence to Board procedures and compliance with the relevant rules and regulations of the Constitution of the Company, the Companies Act 1967 of Singapore, the Listing Manual and all other relevant rules and regulations that are applicable to the Company. Any decision to appoint or remove the Company Secretary(ies) can only be taken by the Board as a whole.

If the Directors need independent professional advice to fulfil their duties, such advice will be obtained from the professional entity approved by the Board and the cost of such professional advice will be borne by the Company.

## Remuneration Matters

### Principle 6: Procedures for Developing Remuneration Policies

#### Remuneration Committee

The RC comprises a majority of IDs, including its Chairman and is regulated by a set of written terms of reference endorsed by the Board:

Yeo Hwee Tiong (ID)	-	Chairman
Cheong Tuck Yan Titus Jim (ID)	-	Member
Joseph Wong Wai Leung (ID)	-	Member
Chow Wai Leong (NINED)	-	Member
Chen Xiaoling (NINED)	-	Member

The functions of the RC include, amongst others:

1. reviewing the remuneration framework (including Directors' fees) for the Board and the key management personnel within the Group;
2. reviewing and approving the policy for determining the remuneration of executives of the Group, including that of the Executive Director, GCEO and other key management executives;
3. ensuring a formal and transparent procedure for developing a policy on executive remuneration;
4. reviewing the ongoing appropriateness and relevance of the executive remuneration policy and other executive benefit programmes;
5. considering and reviewing the remuneration package and service contract terms for each of the Directors and key management personnel (including salaries, allowances, bonuses, payments, options, benefits-in-kind, retirement rights, severance packages and service contracts) having regard to the executive remuneration policy for each of the companies within the Group;
6. considering and approving termination payments, retirement payments, gratuities, ex-gratia payments, severance payments and other similar payments in the event of termination or retirement of the Executive Directors and key management personnel; and
7. determining, reviewing and approving the design of all option plans, stock plans and/or other equity-based plans that the Group proposes to implement, to determine, on an annual basis, whether any awards will be made under the rules of such plans, to review and approve each award as well as the total proposed awards under each plan in accordance with the rules governing each plan and to review, approve and keep under review performance indicators and/or the fulfilment of performance indicators in accordance with the rules set out under such plans.

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# CORPORATE **GOVERNANCE** REPORT

## **Principle 7: Level and Mix of Remuneration**

As noted above, one of the responsibilities of the RC is to review the remuneration framework of the Board and key management personnel in the Group, and to consider and review the remuneration package and/or service contract terms for each of the Directors and key management personnel.

### Remuneration of the Executive Directors and Key Management Personnel

In setting the remuneration package of the Executive Directors, the Company makes a comparative study of the packages of executive directors in comparable industries and takes into account the performance of the Company and that of the Executive Directors.

The compensation structure is designed to ensure that the level and mix of remuneration are competitive, relevant and appropriate in finding a balance between current and long-term compensation. The Company has in place the following incentive plan for FY2023:

### **Share Grant Plan**

At an Extraordinary General Meeting held on 18 October 2013, the shareholders of the Company approved the Cordlife Share Grant Plan (the “Plan” or the “SGP”) for the award of rights (the “Awards”) to participants of the Plan to receive fully-paid ordinary shares, free of charge, upon the participant achieving the prescribed performance targets and upon expiry of the prescribed vesting period. The RC of the Company has been designated as the Committee responsible for the administration of the SGP.

The Plan is a performance incentive scheme that forms an integral part of the Group’s incentive compensation programme. Persons eligible to participate in the Plan (the “Participants”) comprise key senior management and employees of the Company and Non-Executive Directors at the absolute discretion of the Committee. The Plan is established with the objective of motivating the Participants to strive towards performance excellence, long-term prosperity of the Group, and promoting their organisational commitment, dedication and loyalty towards the Group. In addition, the Plan will make employee remuneration sufficiently competitive to recruit new employees and retain existing employees whose contributions are important to the long-term growth and profitability of the Group.

The categories of awards under the Plan in FY2023 are as follows:

#### *Performance Share Award*

The FY2023 contingent awards under the Performance Share Award were granted conditional on meeting performance targets set based on the following Group corporate objectives measured over a performance period of one financial year:

- Group’s Financial Key Performance Indicators (“KPI(s)”) including Group Revenue, Gross Profit Margin, Profit before Tax and Return on Invested Capital, execution of key projects that contribute to the long-term growth of the Group; and
- Non-financial KPIs include, but are not limited to, quality standards, customer service standards, people objectives and 360 feedback.

Financial and non-financial KPIs have a weightage of 80% and 20%, respectively, towards the final performance achievement computation.

Pursuant to the SGP, the RC has decided to grant contingent awards on an annual basis, conditional on meeting targets set for the performance period. The shares will only be released to the recipient at the end of the performance qualifying period. The actual number of performance shares to be released to the recipient will depend on the achievement of the set targets over the performance period. A minimum threshold performance is required for any share to be released and the actual number of performance shares to be released is capped at 100% of the conditional award. Only 50% of the final number of shares will vest upon the end of the performance period, with the balance of the award vesting one year later.



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# CORPORATE GOVERNANCE REPORT

## *Restricted Share Award*

The FY2023 contingent share awards under the Restricted Share Award were granted to employees of the Group conditional upon the satisfaction of the following performance targets set at the start of a two-year performance period based on medium-term Group and Company objectives of retaining high potential talents (“HiPo”):

- Sustained Performance Level (“PL”) rating 1 or 2 (out of 5); and
- Continues to remain in HiPo talent pool.

The shares will only be released to the recipient at the end of the performance qualifying period. The actual number of performance shares to be released to the recipient will depend on the achievement of the set targets over the performance period. A minimum threshold performance is required for any share to be released and the actual number of performance shares to be released is capped at 100% of the conditional award. Only 50% of the final number of shares will vest upon the end of the performance period, with the balance of the award vesting at the end of the third year.

No contingent shares were granted for FY2023 to employees of the Company under the Performance and Restricted Share Award schemes.

The approved Plan was to continue to be in operation for a maximum period of 10 years, commencing on the date on which the Share Grant Plan was adopted by the Company at the Extraordinary General Meeting held on 18 October 2013, and accordingly, has expired on 17 October 2023. The Company is in the midst of reviewing its plans to propose a replacement Share Grant Plan.

The expiry of the Plan shall not affect Awards that have been granted to Participants prior to such expiry or termination, whether such Awards have been released (whether fully or partially) by the RC or not.

## Remuneration of Non-Executive Directors and Independent Directors

The IDs and Non-Executive Directors do not have service agreements with the Company. They are paid a basic, fixed Director’s fee, which is determined by the Board, apposite to the level of their contributions and taking into account factors such as the time spent and the effort and the individual responsibilities of each Independent or Non-Executive Director. Such fees are subject to the approval of the shareholders at each AGM.

Each member of the RC shall abstain from voting on any resolution, making any recommendation and/or participating in any deliberation with respect to his or her own remuneration.

Mr Zhai Lingyun, Ms Chen Xiaoling, Mr Yiu Ming Yiu and Mr Chow Wai Leong, who were nominated to the Board by the substantial shareholders, have agreed to waive their Directors’ fee. No Directors’ fee had been paid / would be paid to any of the NINEDs nominated to the Board by the substantial shareholders in FY2023 and for the financial year ending 31 December 2024.

Except for the SGP, the Board has not introduced any contractual provisions to allow the Company to reclaim incentive components from its Executive Directors and key management personnel in exceptional circumstances of misstatement of financial results, or of misconduct resulting in financial loss to the Company. The Board believes that there are ample statutory and regulatory penalties to address such circumstances.

# CORPORATE GOVERNANCE REPORT

## Principle 8: Disclosure on Remuneration

A breakdown showing the level and mix of each individual Director's remuneration for FY2023 is disclosed in the table below:

Director		Salary (%)	Bonus (%)	Other short-term benefits (%)	Allowances (%)	Fees (%)	Total (%)
<b>S\$500,000 to S\$750,000</b>							
Tan Poh Lan <sup>(1)</sup>	GCEO and ED	94	1	—	5	—	100

Directors		Salary (S\$)	Bonus (S\$)	Other short-term benefits (S\$)	Allowances (S\$)	Fees (S\$)	Total (S\$)
Dr Ho Choon Hou <sup>(2)</sup>	Acting Chairman, NINED	—	—	—	—	215,000	215,000
Joseph Wong Wai Leung <sup>(3)</sup>	ID	—	—	—	—	135,000	135,000
Yeo Hwee Tiong	ID	—	—	—	—	95,000	95,000
Cheong Tuck Yan Titus Jim	ID	—	—	—	—	95,000	95,000
Zhai Lingyun <sup>(4)</sup>	NINED	—	—	—	—	—	—
Chen Xiaoling <sup>(4)</sup>	NINED	—	—	—	—	—	—
Yiu Ming Yiu <sup>(4)</sup>	NINED	—	—	—	—	—	—
Chow Wai Leong <sup>(4)</sup>	NINED	—	—	—	—	—	—

<sup>(1)</sup> Ms Tan Poh Lan resigned as the ED and GCEO of the Company and her effective date of cessation took effect on 19 February 2024.

<sup>(2)</sup> The fees paid to Dr Ho Choon Hou include S\$100,000 for his additional active role in the Group from 1 January 2023 to 30 June 2023. Dr Ho Choon Hou has been appointed as Acting Chairman of the Board with effect from 29 February 2024 until the appointment of a new Chairman of the Board.

<sup>(3)</sup> Mr Joseph Wong Wai Leung stepped down as Chairman of the Board and the ARC, with effect from 28 February 2024.

<sup>(4)</sup> Mr Zhai Lingyun, Ms Chen Xiaoling, Mr Yiu Ming Yiu, and Mr Chow Wai Leong have agreed to waive their Directors' fees for FY2023.

The remuneration of the GCEO and ED of the Company is disclosed in bands of S\$250,000 to protect the Company's need for the retention of talents who have in-depth knowledge of the Company's business and operations.

# CORPORATE GOVERNANCE REPORT

For FY2023, excluding the GCEO and ED, there were four key management personnel in the Company. The remuneration of the top four (4) key management personnel (excluding the GCEO and ED) is disclosed in the table below:

KEY EXECUTIVES		Salary (%)	Bonus (%)	Allowances (%)	Fees (%)	Total (%)
<b>S\$250,001 to S\$500,000</b>						
Thet Hnin Yi	Group Chief Financial Officer	95	1	4	—	100
<b>S\$250,000 and below</b>						
Jamie Woon Geok Peng	Group Director – Brand Development	93	1	6	—	100
Stella Lee Mei Suan	Group Director – Organisational Development	92	1	7	—	100
Tan Huiying	Group Director – Quality and Operations	92	1	7	—	100

For FY2023, the aggregate total remuneration paid to the top four (4) key management personnel (excluding the GCEO and ED) amounted to S\$971,000 (FY2022: total remuneration paid to the top five (5) key management personnel (excluding the GCEO and ED) amounted to S\$1,373,000).

For FY2023, there were no termination, retirement or post-employment benefits granted to the Directors (including the GCEO and ED) or the top four (4) key management personnel other than the standard contractual notice period termination payment in lieu of service in respect of management employees.

The Group Chief Executive Officer of the Company, Mr Ivan Yiu Pang Fai, is the brother of Mr Yiu Ming Yiu, a non-independent and non-executive director of the Company, and the son of Mr Yiu Chi Shing and Madam Lui Yim Sheung, who are deemed interested in the shares of the Company held by TransGlobal Real Estate Group Ltd., a controlling shareholder of the Company.

Save as disclosed, there are no other employees of the Company who are immediate family members of a Director (including the GCEO and ED) and a substantial shareholder of the Company.

## Accountability and audit

### Accountability

In presenting the financial statements and announcements of half-yearly and annual financial results to shareholders, the Board aims to provide shareholders with a balanced and understandable assessment of the Company and the Group's performance, position and prospects.

In this regard, Management provides all Directors with detailed management accounts of the Company and the Group's performance, financial position and prospects on a timely basis.

### Principle 9: Risk Management and Internal Controls

The Board was assisted by the ARC in the area of risk governance and in ensuring that Management implements and maintains a sound system of risk management and internal controls.

The ARC was responsible for making the necessary recommendations to the Board such that an opinion regarding the adequacy and effectiveness of the risk management and internal control systems of the Company can be made by the Board in the Annual Report of the Company according to requirements in the Listing Manual and Code.

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# CORPORATE **GOVERNANCE** REPORT

On 30 November 2023, the Company received a notice from Ministry of Health (“MOH”) directing the Company to stop, for a period of up to six months, the collection, testing, processing and/or storage of any new cord blood and human tissues, or the provision of any new types of tests to clients in Singapore (the “Notice”). As stated in the Notice, the Company had 14 days to make representations to MOH in relation to the contents of the Notice. On 13 December 2023, the Company announced that it would not be submitting written representations to MOH on the same. On 15 December 2023, the Company received a letter from MOH stating that MOH had considered the Company’s response to the Notice, and had directed the Company to give effect to the contents of the Notice to stop for a period of up to six months, the collection, testing, processing and/or storage of any new cord blood and human tissues, or the provision of any new types of tests to patients, with effect on and from 15 December 2023 (the “Suspension”). The Suspension is in connection with MOH’s detection that certain cryogenic storage tanks based in Singapore had been exposed to temperatures outside of their normal temperature range, and investigations by MOH are ongoing. On 22 January 2024, the Company received in connection with the Suspension, a letter from MOH providing a list of the potential areas of non-compliance with the Healthcare Services (General) Regulations and the provisions of the Healthcare Services (Cord Blood Banking Service) Regulations (“Potential Non-Compliances”) that MOH had identified based on its inspections.

As stated in MOH’s press release dated 30 November 2023 titled “Investigation of Cordlife Group Limited for Suboptimal Storage Temperature for Cryopreserved Cord Blood”, in addition to the temperature excursions in the tanks (which was previously disclosed in the announcements dated 30 November 2023, 13 December 2023 and 15 December 2023), MOH had found the following process lapses at the Company:

- i failure in the Company’s temperature monitoring system to send notifications of temperature excursions to the Company’s personnel;
- ii the Company’s six-monthly preventive maintenance was not carried out for two tanks in 2022; and
- iii the Company implemented a new cord blood processing method in August 2023, which was not properly validated according to validation plan and protocol.

In addition to the above, other Potential Non-Compliances set out in MOH’s letter include, amongst others:

- the inadequate investigation and mitigation to address failure in processes and temperature monitoring system;
- the ineffective incident reporting framework;
- the inadequate training and competence of staff;
- the inappropriate storage of cord blood units;
- the inadequate risk assessment for the cord blood banking service;
- the inconsistent and inadequate temperature monitoring practices;
- the temperature excursions noted in certain tanks and dry shipper;
- the poor documentation and poor document control; and
- the failure of Clinical Governance Officer in discharging duties.

The Company has been informed that it is required to rectify the Potential Non-Compliances (including the circumstances, which had led to the Potential Non-Compliances) by 31 May 2024. The Company will continue to work closely with MOH to ensure that all identified Potential Non-Compliances are investigated and rectified by the requisite deadline and provide updates on the steps taken to address the Potential Non-Compliances highlighted above.

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# CORPORATE GOVERNANCE REPORT

For FY2023, the Board has received written assurance that:

- (a) from the GCEO and Group Chief Financial Officer (“GCFO”) that, as at FY2023, the financial records of the Company have been properly maintained and the financial statements give a true and fair view of the Group’s operations and finances; and
- (b) from the GCEO, GCFO and other key management personnel who are responsible regarding the adequacy and effectiveness of the Group’s risk management and internal control systems in addressing key financial, operational, compliance, and information technology risks, save for the Potential Non-Compliances.

The Company maintains a system of internal controls for all companies within the Group, but recognises that no internal control system will preclude all errors and irregularities. The system is designed to manage rather than eliminate the risk of failure to achieve business objectives. The controls are to provide reasonable, but not absolute, assurance to safeguard shareholders’ investments and the Group’s assets.

Based on the internal controls established and maintained by the Group, work performed by the internal and external auditors, reviews performed by Management, various Board Committees and the Board, and the written assurances from the GCEO and GCFO, the ARC and the Board are of the opinion that, save for the Potential Non-Compliances, the Group’s internal controls addressing key financial, operational, compliance, and information technology controls, as well as risk management systems, were adequate and effective for the financial year ended 31 December 2023.

## Principle 10: Audit and Risk Committee

The ARC, regulated by a set of written terms of reference, comprises five (5) Directors, all of whom are Non-Executive and the majority of whom, including the Chairman of the ARC, are independent:

Cheong Tuck Yan Titus Jim (Chairman and ID)	-	Chairman
Dr Ho Choon Hou (NINED)	-	Member
Joseph Wong Wai Leung (ID)	-	Member
Yeo Hwee Tiong (ID)	-	Member
Yiu Ming Yiu (NINED)	-	Member

The functions of the ARC include, amongst others:

1. reviewing the significant financial reporting issues and judgements so as to ensure the integrity of the financial statements and any formal announcements relating to financial performance;
2. reviewing the scope and results of the audit, its cost effectiveness, and the independence and objectivity of the external auditors;
3. reviewing, with the external auditors of the Company, the audit plan, the scope of work of the external auditors, the evaluation by the external auditors of the system of internal accounting controls, the external auditor’s letter to Management and the Management’s response, and the results of the audits conducted by the internal and external auditors;
4. reviewing the quarterly, half-yearly and annual financial statements and announcements before submission to the Board for approval, focusing in particular, on changes in accounting policies and practices, major risk areas, significant adjustments resulting from the audit, the going concern statement, compliance with financial reporting standards, as well as compliance with the Listing Manual and any other statutory/regulatory requirements;
5. reviewing the effectiveness and adequacies of the Group’s internal controls and procedures, including accounting and financial controls and procedures, and ensuring co-ordination between the external auditors and the Management, reviewing the assistance given by the Management to the auditors, and discussing problems and concerns, if any, arising from the interim and final audits, and any matters, which the auditors may wish to discuss (in the absence of Management where necessary);
6. reviewing any interested person transactions to ensure that procedures are followed in accordance with the internal control measures that the Group has adopted;

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# CORPORATE **GOVERNANCE** REPORT

7. reviewing and discussing with the external auditors any suspected fraud or irregularity, or suspected infringement of any relevant laws, rules or regulations, which has or is likely to have a material impact on the Company's operating results or financial position, and the Management's response thereto;
8. commissioning of an audit of the internal control and accounting systems of the Group until such time as the ARC is satisfied that the Group's internal controls are robust and effective enough to mitigate the Group's internal control weaknesses (if any);
9. recommending to the Board the appointment or re-appointment of the external auditors, handling matters related to resignation or dismissal, and approving the remuneration and terms of engagement of these auditors;
10. reviewing and approving transactions that fall within the scope of Chapter 9 and Chapter 10 of the Listing Manual (if any);
11. reviewing any potential conflicts of interest;
12. reviewing the adequacy of potential business risk management processes;
13. reviewing, monitoring and making recommendations to the Board on the Group's risk of being subject to, or violating any sanctions-related law or regulation and ensuring timely and accurate disclosures to SGX-ST and other relevant authorities. If required, to assess whether there is a need for the Group to obtain independent legal advice or appoint a compliance adviser in relation to the sanctions-related risks applicable to the Group, and the continuous monitoring of the validity of the information provided to shareholders and SGX-ST<sup>1</sup>;
14. reviewing and approving all hedging policies and instruments (if any) to be implemented by the Group;
15. undertaking such other reviews and projects as may be requested by the Board and reporting to the Board its findings from time to time on matters arising and requiring the attention of the ARC;
16. reviewing and establishing procedures for the receipt, retention and treatment of whistleblowing report(s) received by the Group, which may relate to criminal offences involving the Group or its employees, questionable accounting, auditing, business, safety or other matters that impact negatively on the Group; and
17. generally to undertake such other functions and duties as may be required by any applicable laws, regulations, statutes and the Listing Manual, and by such amendments made thereto from time to time.

Apart from the duties listed above, the ARC is also authorised by the Board to investigate any matter within its terms of reference or, where appropriate, review the findings of internal investigations into matters where there is any suspected fraud or irregularity, failure of internal controls or infringement of any Singapore law, rules or regulation that has or is likely to have a material impact on the Group's operating results and/or financial position.

Each member of the ARC shall abstain from reviewing any particular transaction or voting on such resolution in respect of which he or she is or may be interested.

The Board is of the view that all the members of the ARC are appropriately qualified to discharge their responsibilities. The ARC held four (4) meetings in FY2023. These meetings were attended by the Executive Director and GCEO, the GCFO, and the Group Assistant Finance Director of the Company at the invitation of the ARC. The Group's external auditors were also present at two (2) of these meetings. The ARC has also held a private session with the external auditor and internal auditor without the presence of the Executive Director and Management. The last private session with the internal and external auditors was held on 29 February 2024, respectively.

The ARC has met with the Group's external auditor, Messrs KPMG LLP ("KPMG"), to discuss the results of KPMG's audit of the Group for FY2023 and the evaluation of the Group's system of internal controls. The ARC has also reviewed the Group's full-year results announcement, the financial statements of the Company and the consolidated financial statements of the Group for FY2023 prior to its recommendation to the Board for approval.

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<sup>1</sup> The functions of ARC have been updated with sanctions-related laws or regulations and risks as required by SGX-ST with reference to the media release by the Singapore Exchange, dated and effective from 7 March 2022, REGULATOR'S COLUMN: What SGX expects of issuers in respect of sanctions-related risks, subject or activity

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# CORPORATE GOVERNANCE REPORT

The total amount of fees paid to KPMG during FY2023 is S\$666,000, out of which S\$631,000 was for audit services and S\$35,000 was for non-audit services. Non-audit fees accounted for 5.26% of total fees paid to KPMG in FY2023. The ARC, having reviewed the fees paid to KPMG for non-audit services, is satisfied with the independence and objectivity of KPMG as an external auditor of the Group for FY2023.

To keep abreast of changes to the accounting standards and issues that have a direct impact on the Company's financial statements, the ARC members received updates from the external auditor at the quarterly ARC meetings and made efforts to attend courses and seminars relevant to their performance as members of the ARC, and where appropriate, at the expense of the Company.

KPMG has indicated to the Company that it will not be seeking re-appointment as external auditor for FY2024 at the forthcoming AGM. The Company will seek approval from the shareholders in relation to the appointment of new auditor at a general meeting and circulate the relevant circular in due course.

## Internal Audit

The Board recognises the importance of the internal audit function which, being independent of Management, is one of the principal means by which the ARC is able to carry out its responsibilities effectively. For FY2023, Ernst & Young Advisory Pte. Ltd. ("EY") was the internal auditor of the Group. EY primarily reported to the Chairman of the ARC and had unfettered access to all of the Group's documents, records, properties and personnel. The representatives from EY who were in-charge of the internal audit of the Company were invited to the ARC Meeting to present their Internal Audit Report.

The ARC reviews the internal auditor on an annual basis, and is satisfied, based on the last review, that the internal audit function is effective, adequately resourced, and independent of the activities in audits, with persons with the relevant qualifications and experience and the appropriate standing within the Company. The internal auditor carries out its functions according to the International Standards for the Professional Practice of Internal Auditing.

The ARC will continue to assist the Board in reviewing the effectiveness and independence of the internal audit function annually with a view to improving and enhancing the Company's internal controls and risk management system.

The Company also has a whistleblowing policy in place. This policy provides well-defined and accessible channels in the Group through which employees may raise concerns about improper conduct within the Group. If an employee, who is acting in good faith, raises a genuine concern under the whistleblowing policy, their identity and interests will be protected and all information received will be treated with strict confidentiality. They will also not be at risk of suffering from retribution, harassment or victimisation as a result. There are arrangements in place for the independent investigation of such matters for appropriate follow-up actions to be taken. The Company has included whistleblowing as a standard agenda item for the quarterly ARC and Board meetings for the ARC and the Board to receive and discuss any whistleblowing reports or incidents.

In order to facilitate whistleblowing, the whistleblowing policy together with the whistleblowing communication channels have been sent to all employees of the Group.

## Communication with shareholders

### Principle 11: Shareholder Rights and Conduct of General Meetings

The Company treats all shareholders fairly and equitably, and recognises, protects and facilitates the exercise of shareholder rights. It aims to keep all shareholders and other stakeholders informed of its corporate activities, including changes that are likely to materially affect the price or value of its shares, in a timely and consistent manner.

Shareholders are also given the opportunity to participate effectively in and vote at the general meetings of the Company, where relevant rules, including voting procedures, are clearly communicated to the attendees. Shareholders are given sufficient notice to attend general meetings, at least not less than the notice period stipulated by the Companies Act 1967 of Singapore and the Constitution of the Company. Corporations that provide nominee or custodial services may designate more than two proxies, while other shareholders may designate no more than two proxies to attend and participate at the Company's general meetings.

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# CORPORATE **GOVERNANCE** REPORT

## **Conduct of Shareholders Meetings**

The AGM is the principal forum for dialogue and interaction with all shareholders. The Board welcomes shareholders to voice their views and ask the Board questions regarding the Company and the Group at the AGM. A shareholder who is entitled to attend and vote at the AGM may either vote in person or vote by proxy by sending in the instrument of proxy at least forty-eight hours before the time of the general meeting.

The chairmen of the Board Committees and key management personnel are invited to attend the AGM of the Company and are present and available to address questions at general meetings. In addition, the external auditors of the Company are also present to address shareholders' queries about the conduct of the audit and the preparation and content of the auditors' report.

Each item of special business included in the notice of the meeting will be accompanied by an explanation of the effects of a proposed resolution. Unless the resolutions proposed at a meeting are interdependent and linked so as to form one significant proposal, separate resolutions shall be proposed for substantially separate issues at the meeting.

The Constitution of the Company allows the Board to approve or implement absentia voting at general meetings of shareholders. The Board does not implement absentia-voting methods by mail, e-mail or facsimile, until issues on security and integrity are satisfactorily resolved.

All the resolutions put to the vote at the forthcoming AGM would be voted on by poll, and an announcement of the detailed results showing the number of votes cast for and against each resolution and the respective percentages would be released to the public via SGXNet.

The Company will also prepare minutes of general meetings that include substantial and relevant comments or queries from shareholders relating to the agenda of the meeting and responses from the Board and Management, and will make such minutes or notes available to shareholders by posting them on SGXNet at <https://www.sgx.com/securities/company-announcements> and the Company's website (<https://cordlife.listedcompany.com>) as soon as practicable.

In FY2023, the AGM was held via electronic means pursuant to the COVID-19 (Temporary Measures) (Alternative Arrangements for Meetings for Companies, Variable Capital Companies, Business Trusts, Unit Trusts and Debenture Holders) Order 2020 (the "Order"). The Minutes of the AGM were made available to shareholders on SGXNet and the Company's corporate website within 1 month from the date of the AGM.

The Company's forthcoming general meetings for the financial year ended 31 December 2023 will be held physically. Please refer to the notice of annual general meeting for more information.

## **MANAGING STAKEHOLDERS RELATIONSHIPS**

### **Principle 13: Engagement with Stakeholders**

The Company strives for timeliness and transparency in its disclosures to shareholders and the public and is also committed to gathering the views of its shareholders and addressing their concerns, where possible. In addition to the regular dissemination of information through SGXNet on a timely basis, the Company also responds to enquiries from investors, analysts, fund managers and the press. The Company currently does not have an investor relations policy, but the Company has engaged an external investor relations firm to advise and assist the Company on matters relating to investor relations.

The GCEO and/or GCFO meet with investors, fund managers and analysts and attend relevant investor roadshows regularly to gather feedback and understand their views on the Company.

The Company does not practice selective disclosure, as all price-sensitive information is always released timely to all shareholders through SGXNet. In the event of any inadvertent disclosure made to a selected group, the Company makes the same disclosure publicly to all others as soon as practicable via SGXNet and through any other practicable means including the use of the Company's corporate website.



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# CORPORATE GOVERNANCE REPORT

The Company does not have a dividend payment policy. In determining whether or not to pay an interim dividend or to recommend the payment of a final dividend, the Board will consider, amongst other things, the Company's expansion plans, existing projects and cash flow projections.

The Company's website acts as one of the main sources of information for its stakeholders, especially its clients. In addition to business-related engagements on the Company's website, to reach out to shareholders beyond general meetings, the Company maintains a dedicated Investor Relations website at <https://cordlife.listedcompany.com>. Shareholders are able to retrieve corporate and financial information, regulatory filings, view the Company's IPO Prospectus, share information, AGM/EGM-related materials, corporate videos, news, and press releases.

## **Additional Information**

### **DEALINGS IN SECURITIES**

#### **[Listing Manual, Rule 1207(19)]**

In line with Rule 1207(19) of the Listing Manual as well as insider trading laws in Singapore, the Company has in place a policy prohibiting share dealings by Directors and employees of the Company for one month before the release of the Company's half-year and full-year financial results. For good governance, the Company also imposes the same policy for the Directors and employees for the two weeks before the announcement of the Company's first and third quarter business updates.

The Directors and employees are also expected to observe insider trading laws at all times, even when dealing in securities outside of the prohibited periods. In addition, the Directors, Management and officers of the Group are discouraged from dealing in the Company's securities on short-term considerations.

### **INTERESTED PERSON TRANSACTIONS**

#### **[Listing Manual, Rule 907]**

There were no interested person transactions in FY2023 above S\$100,000.

### **MATERIAL CONTRACTS**

#### **[Listing Manual, Rule 1207(8)]**

There were no material contracts of the Company or its subsidiaries involving the interests of the Chairman, the GCEO, the Directors or controlling shareholders subsisting at the end of the financial year.

### **AUDITING FIRMS**

#### **[Listing Manual, Rule 1207(6)(c)]**

The Group has complied with Rule 712 and 715 in relation to auditing firms.

## **SUSTAINABILITY REPORTING**

The Company considers relevant environmental, social, and governance ("ESG") risks and opportunities to strengthen our business sustainability. On 9 April 2024, the Company made an application to the SGX-ST to seek a two-week extension of the deadline under Rule 711A of the Listing Manual, which requires the Company to issue its Sustainability Report in relation to FY2023 no later than four months after the end of FY2023 (the "Application"). SGX-ST had, on 12 April 2024, informed the Company that it had no objection to the Application. Accordingly, the Company will publish its Sustainability Report by 14 May 2024. The Report will share its management, performance and targets in relation to its material ESG factors as well as climate-related disclosures consistent with the recommendations of the Task Force on Climate-related Financial Disclosures on a 'comply or explain' basis. This Sustainability Report aligned with SGX-ST's Listing Rules – Sustainability Reporting Guide, and will be publicly accessible through the Company's website as well as on SGXNet. It should be read in conjunction with the Annual Report presented here.

# CORPORATE GOVERNANCE REPORT

## USE OF PLACEMENT PROCEEDS

[Listing Manual, Rule 1207(20)]

As at 29 February 2024, the Group has utilised approximately S\$27.2 million out of the approximately S\$33.5 million raised from the Private Placement as follows:

Intended Use of Placement Proceeds	Estimated amount (S\$ m)	Estimated percentage of gross proceeds raised from the Private Placement	Amount utilised (S\$ m)	Percentage of gross proceeds raised from the Private Placement
Further, fund and support the Group's operations in connection with its enlarged geographical footprint developed after the Company's initial public offering, including funding of additional strategic investments, joint ventures, acquisitions and/or strategic alliances as and when opportunities materialise and are deemed appropriate by the Board	23.5	70.1%	17.2	51.2%
General working capital	8.6	25.7%	9.4	28.0%
Expenses incurred in connection with the Private Placement	1.4	4.2%	0.6	1.8%
	33.5	100.0%	27.2	81.0%

Note:

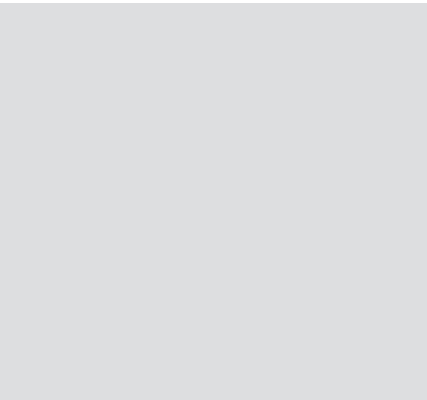
The numbers in the table above may not exactly add up due to rounding.

The breakdown of the total use of Placement Proceeds by the Group for general working capital purposes is as follows:

	Amount (S\$ m)
<b>Amount utilised as working capital:</b>	
Trade purchases	9.3
Legal and professional fees	0.1
	<u>9.4</u>

# FINANCIAL CONTENTS

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# DIRECTORS' STATEMENT

We are pleased to submit this annual report to the members of the Company together with the audited financial statements for the financial year ended 31 December 2023.

In our opinion:

- (a) the financial statements set out on pages 48 to 114 are drawn up so as to give a true and fair view of the financial position of the Group and of the Company as at 31 December 2023 and the financial performance, changes in equity and cash flows of the Group and changes in equity of the Company for the year ended on that date in accordance with the provisions of the Companies Act 1967 and Singapore Financial Reporting Standards (International); and
- (b) at the date of this statement, there are reasonable grounds to believe that the Company will be able to pay its debts as and when they fall due.

The Board of Directors has, on the date of this statement, authorised these financial statements for issue.

## Directors

The directors in office at the date of this statement are as follows:

Dr Ho Choon Hou  
Mr Joseph Wong Wai Leung  
Mr Yeo Hwee Tiong  
Mr Cheong Tuck Yan Titus Jim  
Mr Zhai Lingyun  
Ms Chen Xiaoling  
Mr Yiu Ming Yiu  
Mr Chow Wai Leong

## Directors' interests

According to the register kept by the Company for the purposes of Section 164 of the Companies Act 1967 (the "Act"), particulars of interests of directors who held office at the end of the financial year (including those held by their spouses and children below the age of 18) in shares, debentures and share options in the Company and in related corporations are as follows:

Name of directors and company in which interests are held	Direct interest		Deemed interest	
	Holdings at beginning of the year	Holdings at end of the year	Holdings at beginning of the year	Holdings at end of the year
<b>Cordlife Group Limited</b>				
<b>Ordinary shares</b>				
Dr Ho Choon Hou	792,061	792,061	—	—
Ms Tan Poh Lan (resigned with effect from 19 February 2024)	1,038,830	1,165,680	—	—
<b>Share grants under Cordlife Share Grant Plan</b>				
Ms Tan Poh Lan (resigned with effect from 19 February 2024)	126,850	—	—	—

There was no change in any of the above-mentioned interests in the Company between the end of the financial year and 21 January 2024.

# DIRECTORS' STATEMENT

Except as disclosed in this statement, no director who held office at the end of the financial year had interests in shares, debentures or share options of the Company, or of its related corporations, either at the beginning of the financial year or at the end of the financial year.

Except as disclosed in this statement, neither at the end of nor at any time during the financial year was the Company a party to any arrangement whose objects are, or one of whose objectives is, to enable the Directors of the Company to acquire benefits by means of the acquisition of shares or debentures of the Company or any other body corporate.

## Share grant plans

At an Extraordinary General Meeting held on 18 October 2013, the shareholders of the Company approved the Cordlife Share Grant Plan (the "Plan") for the award of rights (the "Awards") to participants of the Plan to receive ordinary shares of the Company. Persons eligible to participate in the Plan comprise key senior management, employees of the Company and Non-Executive Directors at the absolute discretion of the Remuneration Committee (the "RC").

The performance targets to be set under the Plan are intended to be based on longer-term corporate objectives covering market competitiveness, quality of returns, business growth and productivity growth. The vesting period of the Awards ranges from 1 to 3 years. The final number of shares awarded will depend on the achievement of pre-determined performance conditions at the end of the vesting period. No shares will be released if the threshold targets are not met at the end of the vesting period. On the other hand, if superior targets are met, more shares than the initial award could be delivered, up to a maximum of 200% of the initial award.

Details of the Plan are disclosed in Note 28 of the financial statements.

The RC administering the Plan comprises five Directors, Mr Yeo Hwee Tiong, Mr Joseph Wong Wai Leung, Mr Cheong Tuck Yan Titus Jim, Ms Chen Xiaoling and Mr Chow Wai Leong.

Details of the Awards of the Company pursuant to the Plan are as follows:

Grant date	Balance as at 1 January 2023	Grants during the financial year	Awarded during the financial year	Cancelled during the financial year	Balance as at 31 December 2023
<b>Performance Share Award</b>					
28 March 2022	330,350	—	(330,350)	—	—

Since the commencement of the Plan till the end of the financial year:

- No participant has received 5% or more of the total Awards available under the Plan.
- No options have been granted to the Directors and employees of the holding company and its subsidiaries.
- No options that entitle the holder to participate, by virtue of the options, in any share issue of any other corporation have been granted.
- No options have been granted at a discount.

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# DIRECTORS' STATEMENT

## Audit and Risk Committee

The Audit and Risk Committee (the "ARC") carried out its functions in accordance with section 201B (5) of the Act, including the following:

- Reviews the audit plans of the internal and external auditors of the Company, and reviews the internal auditor's evaluation of the adequacy of the Company's system of internal accounting controls and the assistance given by the Company's management to the external and internal auditors;
- Reviews the quarterly, half-yearly and annual financial statements and the auditor's report on the annual financial statements of the Company before their submission to the Board of Directors;
- Reviews the effectiveness of the Company's material internal controls, including financial, operational and compliance controls and risk management, via reviews carried out by the internal auditors;
- Meets with the external auditor, other committees, and management in separate executive sessions to discuss any matters that these groups believe should be discussed privately with the ARC;
- Reviews legal and regulatory matters that may have a material impact on the financial statements, related compliance policies and programmes, and any reports received from regulators;
- Reviews the cost effectiveness and the independence and objectivity of the external auditor;
- Reviews the nature and extent of non-audit services provided by the external auditor;
- Recommends to the Board of Directors the external auditor to be nominated, approves the compensation of the external auditor, and reviews the scope and results of the audit;
- Reports the actions and minutes of the ARC to the Board of Directors with such recommendations as the ARC considers appropriate; and
- Reviews interested person transactions in accordance with the requirements of Singapore Exchange Securities Trading Limited's Listing Manual.

The ARC, having reviewed all non-audit services provided by the external auditor to the Group, is satisfied that the nature and extent of such services would not affect the independence of the external auditor. The ARC has also conducted a review of interested person transactions.

The ARC convened four meetings during the year with all members present. The ARC has also met with internal and external auditors, without the presence of the Company's management, at least once a year.

Further details regarding the ARC are disclosed in the Corporate Governance Report.

## Auditors

The retiring auditors, KPMG LLP, will not be seeking re-appointment at the forthcoming annual general meeting.

On behalf of the Board of Directors

**Dr Ho Choon Hou**

*Director*

**Mr Cheong Tuck Yan Titus Jim**

*Director*

24 April 2024

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# INDEPENDENT AUDITORS' REPORT

Members of the Company  
Cordlife Group Limited

## Report on the audit of the financial statements

### *Disclaimer of Opinion*

We were engaged to audit the financial statements of Cordlife Group Limited (the "Company") and its subsidiaries (the "Group"), which comprise the consolidated statement of financial position of the Group and the statement of financial position of the Company as at 31 December 2023, the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows of the Group and the statement of changes in equity of the Company for the year then ended, and notes to the financial statements, including material accounting policy information, as set out on pages 48 to 114.

We do not express an opinion on the accompanying consolidated financial statements. Because of the significance of the matters described in the *Basis for Disclaimer of Opinion* section of our report, we have not been able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion on these financial statements.

### *Basis for Disclaimer of Opinion*

We have not been able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion in respect of the following areas:

#### **1 Compliance with laws and regulations**

##### ***Ministry of Health ("MOH") investigation***

We refer to Note 2.1 which details the potential areas of non-compliance by the Company with the Healthcare Services (General) Regulations and the Healthcare Services (Cord Blood Banking Service) Regulations arising from process lapses observed during MOH's inspections.

##### ***Commercial Affairs Department ("CAD") investigation***

We refer to Note 36, the Company was informed by several of its directors, a former director and the Chief Financial Officer that they were arrested in connection with the CAD's investigations into an offence under the Securities and Futures Act 2001 of Singapore.

As the MOH and CAD investigations remain ongoing, we are unable to obtain sufficient appropriate audit evidence to ascertain the significance of any adjustments on the Group's financial statements that may arise from these enforcement actions, if any, following the conclusion of the investigations by MOH and CAD.

#### **2 Refunds and claims**

We refer to Note 2.1, where the Company has announced in respect of Tank A, it will waive all future annual fees for the storage of the cord blood from 2022 until the child reaches 21, and in cases where clients have made prepayments for the storage fees covering the same period, the Company will initiate a refund. On 8 April 2024, the Company made further announcement in respect of the High Risk Tanks and the ongoing investigation of the Low Risk Tanks. We have not been able to obtain sufficient appropriate audit evidence over the number of affected customers with confirmed damaged cord blood arising from the temperature excursions as at 31 December 2023, therefore the quantification and significance of any adjustments to be recorded in the Group's financial statements from any refunds and/or claims, both constructive and contingent as at 31 December 2023.

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# INDEPENDENT **AUDITORS' REPORT**

## **3 Going concern basis of preparation**

We refer to Note 2.1 where management has set out the key inputs and assumptions used in applying the going concern basis of preparation. As of the date of our audit report, the business operations in Singapore remain suspended, the investigations by MOH and CAD are all ongoing, the outcome of which are still unknown. There are no alternative audit procedures that can be performed. We are therefore unable to obtain sufficient appropriate audit evidence over certain key inputs and assumptions used in applying the going concern basis of preparation. In particular, these key inputs and assumptions include, management's estimates of the timing of the lifting of the MOH suspension, the timing and amount of revenue to be collected over the relevant periods, the timing and amount of the financial effects of refunds and claims by the affected customers following the conclusion of the investigation over the other tanks and the timing and amount of the financial effects arising from possible fine and penalties following the conclusion of the investigations by MOH and CAD.

The business operations in Singapore is a significant component of the Group operationally and its financial results are material to the overall Group. The unaudited total revenue of the business operations in Singapore for the 6-month period ended 30 June 2023, and total assets as at 30 June 2023 of the business operations in Singapore represented 45% and 41%, respectively, of the Group's results for that same period. In addition, the business operations in Singapore is the largest contributor to the Group's profit before tax. We are unable to obtain sufficient audit evidence over certain key inputs and assumptions used in applying the going concern basis of preparation, including the outcome of the matters highlighted in paragraphs 1 and 2. We are therefore unable to ascertain the extent of any adjustments that may arise from the conclusion of these matters on the continuity of the business operations in Singapore and the financial implication on the Group's financial statements, including the carrying amounts of the property, plant and equipment, intangible assets, contract assets and trade receivables of the business operations in Singapore amounting to \$68,000,000 as at 31 December 2023.

## **4 Financial support for subsidiaries**

Certain subsidiaries of the Group require financial support from the Company. As mentioned in paragraph 3 above, we are unable to obtain sufficient audit evidence over certain key inputs and assumptions used in applying the going concern basis of preparation, we are therefore unable to ascertain if the Company has the ability to provide the continual financial support as required by the subsidiaries, and the consequent adjustments, if any, to the carrying amount of the Company's investments in these subsidiaries of \$23,700,000 and the Group's carrying amount of the non-financial assets relating to these entities of \$23,800,000 as at 31 December 2023.

### *Responsibilities of management and directors for the financial statements*

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with the provisions of the Companies Act 1967 ("the Act") and Singapore Financial Reporting Standards (International) ("SFRS(I)s"), and for devising and maintaining a system of internal accounting controls sufficient to provide a reasonable assurance that assets are safeguarded against loss from unauthorised use or disposition; and transactions are properly authorised and that they are recorded as necessary to permit the preparation of true and fair financial statements and to maintain accountability of assets.

In preparing the financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

The directors' responsibilities include overseeing the Group's financial reporting process.



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# INDEPENDENT **AUDITORS'** REPORT

## *Auditors' responsibilities for the audit of the financial statements*

Our responsibility is to conduct an audit of the financial statements in accordance with Singapore Standards on Auditing and to issue an auditors' report. However, because of the matters described in the *Basis for disclaimer of opinion* section of our report, we were not able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion on these financial statements.

We are independent of the Group in accordance with the *Accounting and Corporate Regulatory Authority Code of Professional Conduct and Ethics for Public Accountants and Accounting Entities* ("ACRA Code") together with the ethical requirements that are relevant to our audit of the financial statements in Singapore, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ACRA Code.

## **Report on other legal and regulatory requirements**

In our opinion, in view of the significance of the matters referred to in the *Basis for disclaimer of opinion* section of our report, we do not express an opinion on whether the accounting and other records required by the Act to be kept by the Company and by those subsidiary corporations incorporated in Singapore of which we are the auditors have been properly kept in accordance with the provisions of the Act.

The engagement partner on the audit resulting in this independent auditors' report is Shelley Chan Hoi Yi.

## **KPMG LLP**

*Public Accountants and  
Chartered Accountants*

## **Singapore**

24 April 2024

# CONSOLIDATED STATEMENT OF **COMPREHENSIVE INCOME**

Year ended 31 December 2023

	Note	2023 \$'000	2022 \$'000
Revenue	4	55,730	55,156
Cost of sales		(18,425)	(17,967)
<b>Gross profit</b>		<u>37,305</u>	<u>37,189</u>
Other operating income	5	586	816
Selling and marketing expenses		(19,332)	(18,040)
Administrative expenses		(18,968)	(18,252)
Finance income	6	3,420	2,687
Finance costs	6	(268)	(152)
<b>Profit before income tax from operations</b>		<u>2,743</u>	<u>4,248</u>
Fair value gain on investment properties	12	252	537
Share of profit of associate, net of tax	10	1,263	718
<b>Profit before income tax</b>		<u>4,258</u>	<u>5,503</u>
Tax expense	8	(692)	(617)
<b>Profit for the year</b>	7	<u>3,566</u>	<u>4,886</u>
<b>Other comprehensive income:</b>			
<i>Item that will not be reclassified to profit or loss</i>			
Revaluation gain on investment properties		—	482
<i>Item that may be reclassified subsequently to profit or loss</i>			
Foreign currency translation		(2,491)	(5,312)
<b>Other comprehensive income for the year</b>		<u>(2,491)</u>	<u>(4,830)</u>
<b>Total comprehensive income for the year</b>		<u>1,075</u>	<u>56</u>
<b>Profit/(loss) for the year attributable to:</b>			
Owners of the Company		3,523	4,887
Non-controlling interests		43	(1)
		<u>3,566</u>	<u>4,886</u>
<b>Total comprehensive income for the year attributable to:</b>			
Owners of the Company		1,024	50
Non-controlling interests		51	6
		<u>1,075</u>	<u>56</u>
<b>Earnings per share (cents per share):</b>			
Basic	9	1.38	1.91
Diluted	9	1.37	1.91

The accompanying notes form an integral part of these financial statements.

# STATEMENTS OF FINANCIAL POSITION

As at 31 December 2023

	Note	Group		Company	
		2023 \$'000	2022 \$'000	2023 \$'000	2022 \$'000
<b>Non-current assets</b>					
Property, plant and equipment	11	16,271	14,424	6,112	5,687
Investment properties	12	4,736	4,618	2,433	2,269
Intangible assets	13	29,308	30,446	995	742
Deferred tax assets	22	858	890	415	415
Investment in subsidiaries	27	—	—	56,841	56,841
Investment in associate	10	2,218	1,513	—	—
Contract assets	4	62,556	63,597	38,788	39,637
Other receivables	16	10	—	—	—
Fixed deposits	19	8,671	4,746	—	—
		124,628	120,234	105,584	105,591
<b>Current assets</b>					
Inventories	17	797	1,362	207	280
Prepayments		2,215	2,312	879	1,083
Trade receivables	15	22,672	25,475	10,215	11,197
Other receivables	16	3,170	2,939	751	689
Tax recoverable		1,105	1,124	—	—
Amounts owing by subsidiaries	18	—	—	25,349	24,358
Investments	14	5,855	5,819	4,627	4,562
Fixed deposits	19	40,731	45,970	6,111	10,075
Pledged fixed deposits	19	8,860	9,379	—	—
Cash and cash equivalents	20	18,423	13,381	7,127	3,882
		103,828	107,761	55,266	56,126
<b>Total assets</b>		<b>228,456</b>	<b>227,995</b>	<b>160,850</b>	<b>161,717</b>

The accompanying notes form an integral part of these financial statements.

# STATEMENTS OF FINANCIAL POSITION

As at 31 December 2023

	Note	Group		Company	
		2023 \$'000	2022 \$'000	2023 \$'000	2022 \$'000
<b>Current liabilities</b>					
Trade and other payables	21	13,161	9,955	5,930	2,905
Amounts owing to subsidiaries	18	—	—	3,036	3,987
Lease liabilities		1,813	1,199	411	203
Contract liabilities	4	8,852	9,035	3,691	3,702
Tax payable		500	699	—	—
		<u>24,326</u>	<u>20,888</u>	<u>13,068</u>	<u>10,797</u>
<b>Net current assets</b>		<u>79,502</u>	<u>86,873</u>	<u>42,198</u>	<u>45,329</u>
<b>Non-current liabilities</b>					
Other payables	21	1,005	522	—	—
Amounts owing to subsidiaries	18	—	—	12,846	13,198
Lease liabilities		1,692	1,018	386	320
Contract liabilities	4	62,052	67,280	12,013	16,188
Deferred tax liabilities	22	3,730	3,959	15	15
		<u>68,479</u>	<u>72,779</u>	<u>25,260</u>	<u>29,721</u>
<b>Total liabilities</b>		<u>92,805</u>	<u>93,667</u>	<u>38,328</u>	<u>40,518</u>
<b>Net assets</b>		<u>135,651</u>	<u>134,328</u>	<u>122,522</u>	<u>121,199</u>
<b>Equity attributable to owners of the Company</b>					
Share capital	23	94,468	94,686	94,468	94,686
Treasury shares	23	(12,194)	(12,554)	(12,194)	(12,554)
Accumulated profits		75,513	71,990	39,561	38,486
Other reserves	24	(22,453)	(20,060)	687	581
		<u>135,334</u>	<u>134,062</u>	<u>122,522</u>	<u>121,199</u>
<b>Non-controlling interests</b>		<u>317</u>	<u>266</u>	<u>—</u>	<u>—</u>
<b>Total equity</b>		<u>135,651</u>	<u>134,328</u>	<u>122,522</u>	<u>121,199</u>
<b>Total equity and liabilities</b>		<u>228,456</u>	<u>227,995</u>	<u>160,850</u>	<u>161,717</u>

The accompanying notes form an integral part of these financial statements.

# CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

Year ended 31 December 2023

Group	Note	Share capital \$'000	Treasury shares \$'000	Accumulated profits \$'000	Share-based compensation reserve		Capital reserve \$'000	Merger reserve \$'000	Acquisition reserve \$'000	Revaluation reserve \$'000	Foreign currency translation reserve \$'000	Equity attributable to owners of the Company		Total equity \$'000
					\$'000	\$'000						\$'000	\$'000	
At 1 January 2022		95,163	(13,290)	69,407	531	568	534	(11,931)	—	(4,553)	136,429	260	136,689	
<b>Total comprehensive income for the year</b>		—	—	4,887	—	—	—	—	—	—	4,887	(1)	4,886	
<b>Other comprehensive income</b>		—	—	—	—	—	—	—	477	—	477	5	482	
Revaluation gain on investment properties		—	—	—	—	—	—	—	—	—	—	—	—	
Foreign currency translation		—	—	—	—	—	—	—	—	(5,314)	(5,314)	2	(5,312)	
Total comprehensive income for the year		—	—	4,887	—	—	—	—	477	(5,314)	50	6	56	
<b>Transactions with owners, recognised directly in equity</b>		—	—	—	—	—	—	—	—	—	—	—	—	
<b>Contributions by and distributions to owners</b>		—	—	—	(113)	—	—	—	—	—	(113)	—	(113)	
Share-based compensation reversal		—	—	—	—	—	—	—	—	—	—	—	—	
Reissuance of treasury shares pursuant to equity compensation plan	23	(477)	736	—	(259)	—	—	—	—	—	—	—	—	
Dividends	33	—	—	(2,304)	—	—	—	—	—	—	(2,304)	—	(2,304)	
Total contributions by and distributions to owners		(477)	736	(2,304)	(372)	—	—	—	—	—	(2,417)	—	(2,417)	
At 31 December 2022		94,686	(12,554)	71,990	159	568	534	(11,931)	477	(9,867)	134,062	266	134,328	

The accompanying notes form an integral part of these financial statements.

# CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

Year ended 31 December 2023

	Note	Share capital \$'000	Treasury shares \$'000	Accumulated profits \$'000	Share-based compensation reserve			Merger reserve \$'000	Acquisition reserve \$'000	Revaluation reserve \$'000	Foreign currency translation reserve \$'000	Equity attributable to owners of the Company		Total equity \$'000
					compensation reserve \$'000	Capital reserve \$'000	Share-based compensation reserve \$'000					Company \$'000	Non-controlling interests \$'000	
Group		94,686	(12,554)	71,990	159	568	534	(11,931)	477	(9,867)	134,062	266	134,328	
At 1 January 2023														
<b>Total comprehensive income for the year</b>														
Profit for the year		—	—	3,523	—	—	—	—	—	—	3,523	43	3,566	
<b>Other comprehensive income</b>														
Foreign currency translation		—	—	—	—	—	—	—	—	(2,499)	(2,499)	8	(2,491)	
Total comprehensive income for the year		—	—	3,523	—	—	—	—	—	(2,499)	1,024	51	1,075	
<b>Transactions with owners, recognised directly in equity</b>														
<b>Contributions by and distributions to owners</b>														
Share-based compensation expense		—	—	—	248	—	—	—	—	—	248	—	248	
Reissuance of treasury shares pursuant to equity compensation plan	23	(218)	360	—	(142)	—	—	—	—	—	—	—	—	
Total contributions by and distributions to owners		(218)	360	—	106	—	—	—	—	—	248	—	248	
At 31 December 2023		94,468	(12,194)	75,513	265	568	534	(11,931)	477	(12,366)	135,334	317	135,651	

The accompanying notes form an integral part of these financial statements.

# STATEMENT OF CHANGES IN EQUITY

Year ended 31 December 2023

Company	Note	Share capital \$'000	Treasury shares \$'000	Accumulated profits \$'000	Capital reserve \$'000	Share-based compensation reserve \$'000	Total equity \$'000
At 1 January 2022		95,163	(13,290)	30,233	422	531	113,059
<b>Total comprehensive income for the year</b>							
Profit for the year		—	—	10,557	—	—	10,557
Total comprehensive income for the year		—	—	10,557	—	—	10,557
<b>Transactions with owners, recognised directly in equity</b>							
<b>Contributions by and distributions to owners</b>							
Share-based compensation reversal		—	—	—	—	(113)	(113)
Reissuance of treasury shares pursuant to equity compensation plan	23	(477)	736	—	—	(259)	—
Dividends	33	—	—	(2,304)	—	—	(2,304)
Total contributions by and distributions to owners		(477)	736	(2,304)	—	(372)	(2,417)
At 31 December 2022		94,686	(12,554)	38,486	422	159	121,199
At 1 January 2023		94,686	(12,554)	38,486	422	159	121,199
<b>Total comprehensive income for the year</b>							
Profit for the year		—	—	1,075	—	—	1,075
Total comprehensive income for the year		—	—	1,075	—	—	1,075
<b>Transactions with owners, recognised directly in equity</b>							
<b>Contributions by and distributions to owners</b>							
Share-based compensation expense		—	—	—	—	248	248
Reissuance of treasury shares pursuant to equity compensation plan	23	(218)	360	—	—	(142)	—
Total contributions by and distributions to owners		(218)	360	—	—	106	248
At 31 December 2023		94,468	(12,194)	39,561	422	265	122,522

The accompanying notes form an integral part of these financial statements.

# CONSOLIDATED STATEMENT OF CASH FLOWS

Year ended 31 December 2023

	Note	2023 \$'000	2022 \$'000
<b>Cash flows from operating activities</b>			
Profit before income tax		4,258	5,503
Adjustments for:			
Depreciation of property, plant and equipment	11	3,217	2,784
Amortisation of intangible assets	13	813	899
Impairment loss on trade and bad debt written off, net	7	294	931
Loss/(gain) on disposal of property, plant and equipment and investment properties, net		5	(498)
Interest income	6	(3,420)	(2,687)
Interest expense	6	268	152
Share-based compensation expense/(reversal)		248	(113)
Fair value gain on investment properties	12	(252)	(537)
Investment (gain)/loss	5	(36)	299
Loss/(gain) on financial asset at fair value through profit or loss		30	(28)
Share of profit of associate	10	(1,263)	(718)
Unrealised exchange loss		107	81
		4,269	6,068
Changes in:			
Trade receivables		2,240	(3,443)
Contract assets		850	1,797
Other receivables and prepayments		(65)	(805)
Inventories		565	66
Trade and other payables		3,839	(1,072)
Contract liabilities		(4,015)	3,811
Cash generated from operations		7,683	6,422
Interest received		3,167	2,513
Income tax paid		(1,054)	(1,220)
<b>Net cash from operating activities</b>		<b>9,796</b>	<b>7,715</b>

The accompanying notes form an integral part of these financial statements.



# CONSOLIDATED STATEMENT OF CASH FLOWS

Year ended 31 December 2023

	Note	2023 \$'000	2022 \$'000
<b>Cash flows from investing activities</b>			
Purchase of property, plant and equipment		(2,273)	(1,758)
Purchase of intangible assets		(558)	(638)
Proceeds from sale of investment properties		—	2,841
Proceeds from disposal of fixed assets		7	1,533
Dividend received from associate		466	160
Redemption of short-term investments		—	13,099
Transfer to fixed deposits, net		(273)	(10,806)
<b>Net cash (used in)/from investing activities</b>		<u>(2,631)</u>	<u>4,431</u>
<b>Cash flows from financing activities</b>			
Transfer to pledged fixed deposits		—	(9,371)
Payment of lease liabilities		(1,592)	(1,619)
Interest paid		(268)	(152)
Dividends paid	33	—	(2,304)
<b>Cash flows used in financing activities</b>		<u>(1,860)</u>	<u>(13,446)</u>
<b>Net increase/(decrease) in cash and cash equivalents</b>		5,305	(1,300)
Cash and cash equivalents at beginning of the year		13,381	15,458
Effects of exchange rate changes on the balance of cash and cash equivalents		(263)	(777)
<b>Cash and cash equivalents at end of the year</b>		<u>18,423</u>	<u>13,381</u>

The accompanying notes form an integral part of these financial statements.

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# NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2023

These notes form an integral part of the financial statements.

The financial statements were authorised for issue by the Board of Directors on 24 April 2024.

## 1 Domicile and activities

Cordlife Group Limited (the “Company”) is incorporated in Singapore and has its registered office at 1 Yishun Industrial Street 1, #06-01/09, A’Posh Bizhub, Singapore 768160.

The Company is a limited liability company incorporated and domiciled in Singapore and is listed on the Mainboard of the Singapore Exchange Securities Trading Limited (“SGX-ST”).

The principal activities of the Company are investment holding and the provision of cord blood banking services, which involves the processing and storage of cord blood stem cells. The principal activities of the subsidiaries are disclosed in Note 27 to the financial statements.

The financial statements of the Group comprise the Company and its subsidiaries (together referred to as the “Group” and individually as “Group entities”) and the Group’s interest in equity-accounted investees.

## 2 Basis of preparation

### 2.1 Going concern basis of accounting

The consolidated financial statements have been prepared on a going concern basis, which assumes that the Group will be able to meet its obligations as and when they fall due within the next twelve months.

On 30 November 2023, the Company received a notice from Ministry of Health (“MOH”) directing the Company to stop, for a period up to six months, the collection, testing, processing and/or storage of any new cord blood and human tissues, or provision for any new types of tests to clients in Singapore (the “Notice”). As stated in the Notice, the Company has 14 days to make representations to MOH in relation to the contents of the Notice. On 13 December 2023, the Company announced that it will not be submitting written representations to MOH on the same. On 15 December 2023, the Company received a letter from MOH stating that MOH has considered the Company’s response to the Notice, and had directed the Company to give effect to the contents of the Notice to stop for a period up to six months, the collection, testing, processing and/or storage of any new cord blood and human tissues, or the provision of any new types of tests to patients, with effect on and from 15 December 2023 (the “Suspension”). The Suspension is in connection with MOH’s detection that certain cryogenic storage tanks based in Singapore (the “Tanks”) had been exposed to temperatures outside of their normal temperature range, and investigations by MOH are ongoing. Since the end of December 2023, the Company started sending donated cord blood samples from the Tanks under investigation to a third-party laboratory in Singapore licensed by MOH for testing in batches. As previously announced on 30 November 2023, MOH’s expert panel had also determined that the cord blood units (“CBUs”) in a seventh cryogenic storage tank (“Tank A” as referred to in MOH announcement on 30 November 2023) were unlikely to be suitable for stem cell transplant purposes. The Company has offered to refund annual fees received from the start of the temperature excursion and waive subsequent fees for all active clients whose CBUs are stored in this affected tank, as well as continuing to store CBUs for these clients until their child turns 21.

On 8 April 2024, the Company announced that after the initial round of testing of the six cryogenic storage tanks and one dry shipper (the “Testing Update Announcement”), five of the cryogenic storage tanks are at low risk of being adversely affected by temperature excursions (the “Low-Risk Tanks”) and all the CBUs from the Low-Risk Tanks that were tested have shown cell viability and potency. As the current round of testing is a high-level preliminary impact assessment to ascertain the risk of the temperature excursions affecting the CBUs, the Company will be sending over 200 samples, a statistically meaningful number of CBUs from the five Low-Risk Tanks, for testing to provide more assurance in the testing results (“Additional Testing of Low-Risk Tanks”).

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# NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2023

## 2 Basis of preparation (cont'd)

### 2.1 Going concern basis of accounting (cont'd)

The remaining one cryogenic storage tank ("Tank 6") and the dry shipper have been deemed by MOH's expert panel to be at high risk of being adversely affected by the temperature excursions (the "High-Risk Tanks"). Arising from the test results, as the Company cannot be certain of the viability and potency of every CBU stored in the High-Risk Tanks, the Company will deem that the CBUs in the High-Risk Tanks are at high risk of being adversely affected by temperature excursions and have to be deemed non-viable. Since the CBUs in the High Risk Tanks are deemed impacted, the Company will be offering a refund of annual fees received from the start of the temperature excursion and waiving subsequent fees for all active clients whose CBUs are stored in the High-Risk Tanks, as well as continuing to store CBUs for these clients until their child turns 21 (the "Refund/Waiver for High-Risk Tanks").

While the outcome of the investigations and Additional Testing of Low-Risk Tanks are uncertain, the Company believes that the use of the going concern assumption in the preparation of the financial statements for the financial year ended 31 December 2023 is appropriate, taking into account available cash and cash equivalents and fixed deposits, net working capital forecasts based on reasonable possible circumstances, surrounding these key assumptions:

- cash outflow for refunds in respect of Tank A and the High-Risk Tanks;
- the lifting of the Suspension by June 2024;
- the estimated receipt of payments from customers under deferred payment plans for the next twelve months; and
- the receipt of dividends from subsidiaries.

No cash outflow has been considered for the following items as they cannot be determined at present:

- the outcome of the Additional Testing of Low-Risk Tanks and any potential refunds subsequent to the release of the test results; and
- fines and penalties imposed on the Company as a result of the Suspension and MOH investigation as well as any claims from customers.

### 2.2 Statement of compliance

The financial statements have been prepared in accordance with the Singapore Financial Reporting Standards (International) ("SFRS(I)s"). The changes to material accounting policies are described in Note 2.6.

### 2.3 Basis of measurement

The financial statements have been prepared on the historical cost basis except as otherwise described in the notes below.

### 2.4 Functional and presentation currency

These financial statements are presented in Singapore dollars ("S\$"), which is the Company's functional currency. All financial information presented in Singapore dollars has been rounded to the nearest thousand, unless otherwise stated.

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# NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2023

## 2 Basis of preparation (cont'd)

### 2.5 Use of estimates and judgements

The preparation of the financial statements in conformity with SFRS(I) requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of revenues, expenses, assets and liabilities. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

Information about assumptions and estimation uncertainties that have a significant risk of resulting in a material adjustment within the next financial year is included in the following notes:

- Note 4 – revenue recognition: determination of stand-alone selling prices of performance obligations based on estimates used in the expected cost plus margin approach.
- Note 13 – impairment of non-financial assets: key assumptions used for the recoverable amounts relating to impairment of goodwill; and
- Note 35 – provisions and contingent liabilities: determination of provisions for the constructive obligation arising from the results of ongoing testing of the Tanks under investigation.

### 2.6 New standards and amendments

The Group has applied the following SFRS(I)s, amendments to and interpretation of SFRS(I) for the first time for the annual period beginning on 1 January 2023:

- SFRS(I) 17: *Insurance Contracts*
- Amendments to SFRS(I) 1-12: *Deferred tax related to Assets and Liabilities arising from a Single Transaction*
- Amendments to SFRS(I) 1-12: *International Tax Reform – Pillar Two Model Rules*
- Amendments to SFRS(I) 1-1 and SFRS(I) Practice Statement 2: *Disclosure of Accounting Policies*
- Amendments to SFRS(I) 1-8: *Definition of Accounting Estimates*

The application of these amendments to accounting standards and interpretations does not have a material effect on the financial statements.

## 3 Material accounting policies

The accounting policies set out below have been applied consistently to all periods presented in these financial statements, except as explained in Note 2.6, which addresses changes in material accounting policies.

### 3.1 Basis of consolidation

#### (i) Subsidiaries

Subsidiaries are entities controlled by the Group. The Group controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the investee. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases.

The accounting policies of subsidiaries have been changed when necessary to align them with the policies adopted by the Group. Losses applicable to the non-controlling interests (“NCI”) in a subsidiary are allocated to the NCI even if doing so causes the NCI to have a deficit balance.

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# NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2023

## 3 Material accounting policies (cont'd)

### 3.1 Basis of consolidation (cont'd)

#### (ii) Investments in associate

An associate is an entity over which the Group has significant influence, but not control or joint control, over the financial and operating policies of the entity. Significant influence is presumed to exist when the Group holds 20% or more of the voting power of another entity.

Investment in associate is accounted for using the equity method. They are recognised initially at cost, which includes transaction costs. Subsequent to initial recognition, the consolidated financial statements include the Group's share of the profit or loss and other comprehensive income ("OCI") of equity-accounted investees, after adjustments to align the accounting policies with those of the Group, from the date that significant influence or joint control commences until the date that significant influence or joint control ceases.

When the Group's share of losses exceeds its interest in the equity-accounted associate, the carrying amount of the investment, together with any long-term interests that form part thereof, is reduced to zero, and the recognition of further losses is discontinued except to the extent that the Group has an obligation to fund the investee's operations or has made payments on behalf of the investee.

#### (iii) Transaction eliminated on consolidation

Intra-group balances and transactions, and any unrealised income and expenses arising from intra-group transactions, are eliminated in preparing the consolidated financial statements. Unrealised gains arising from transactions with equity-accounted investees are eliminated against the investment to the extent of the Group's interest in the investee. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment.

#### (iv) Subsidiaries and associates in the separate financial statements

Investments in subsidiaries and associates are stated in the Company's statement of financial position at cost less accumulated impairment losses.

### 3.2 Foreign currency

#### (i) Foreign currency transactions

Transactions in foreign currencies are translated to the respective functional currencies of the Group entities at exchange rates at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies at the reporting date are translated to the functional currency at the exchange rate at that date. The foreign currency gain or loss on monetary items is the difference between amortised cost in the functional currency at the beginning of the year, adjusted for effective interest and payments during the year, and the amortised cost in foreign currency translated at the exchange rate at the end of the year.

Non-monetary assets and liabilities denominated in foreign currencies that are measured at fair value are translated to the functional currency at the exchange rate at the date that the fair value was determined. Non-monetary items in a foreign currency that are measured in terms of historical cost are translated using the exchange rate at the date of the transaction. Foreign currency differences arising on translation are recognised in profit or loss and presented within administrative expenses.

#### (ii) Foreign operations

The assets and liabilities of foreign operations, including goodwill and fair value adjustments arising on acquisition, are translated to Singapore dollars at exchange rates at the reporting date. The income and expenses of foreign operations are translated to Singapore dollars at exchange rates at the dates of the transactions.

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# NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2023

## 3 Material accounting policies (cont'd)

### 3.2 Foreign currency (cont'd)

#### (ii) Foreign operations (cont'd)

Foreign currency differences are recognised in OCI, and presented in the foreign currency translation reserve (“translation reserve”) in equity. However, if the foreign operation is a non-wholly-owned subsidiary, then the relevant proportionate share of the translation difference is allocated to the NCI. When a foreign operation is disposed of such that control, significant influence or joint control is lost, the cumulative amount in the translation reserve related to that foreign operation is reclassified to profit or loss as part of the gain or loss on disposal. When the Group disposes of only part of its interest in a subsidiary that includes a foreign operation while retaining control, the relevant proportion of the cumulative amount is reattributed to NCI. When the Group disposes of only part of its investment in an associate or joint venture that includes a foreign operation while retaining significant influence or joint control, the relevant proportion of the cumulative amount is reclassified to profit or loss.

When the settlement of a monetary item receivable from or payable to a foreign operation is neither planned nor likely to occur in the foreseeable future, foreign exchange gains and losses arising from such a monetary item that are considered to form part of a net investment in a foreign operation are recognised in OCI, and are presented in the translation reserve in equity.

### 3.3 Financial instruments

#### (i) Recognition and initial measurement

##### *Non-derivative financial assets and financial liabilities*

Trade receivables issued are initially recognised when they are originated. All other financial assets and financial liabilities are initially recognised when the Group becomes a party to the contractual provisions of the instrument.

A financial asset (unless it is a trade receivable without a significant financing component) or financial liability is initially measured at fair value plus, for an item not at fair value through profit or loss (“FVTPL”), transaction costs that are directly attributable to its acquisition or issue. A trade receivable without a significant financing component is initially measured at the transaction price.

#### (ii) Classification and subsequent measurement

##### *Non-derivative financial assets*

On initial recognition, a financial asset is classified as measured at: amortised cost; or FVTPL.

Financial assets are not reclassified subsequent to their initial recognition unless the Group changes its business model for managing financial assets, in which case all affected financial assets are reclassified on the first day of the first reporting period following the change in the business model.

##### *Financial assets at amortised cost*

A financial asset is measured at amortised cost if it meets both of the following conditions and is not designated as at FVTPL:

- it is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

# NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2023

## 3 Material accounting policies (cont'd)

### 3.3 Financial instruments (cont'd)

#### (ii) Classification and subsequent measurement (cont'd)

##### ***Non-derivative financial assets (cont'd)***

###### *Financial assets at FVTPL*

All financial assets not classified as measured at amortised cost as described above are measured at FVTPL. On initial recognition, the Group may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortised cost or as at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

###### ***Financial assets: Business model assessment***

The Group makes an assessment of the objective of the business model in which a financial asset is held at a portfolio level because this best reflects the way the business is managed and information is provided to management. The information considered includes:

- the stated policies and objectives for the portfolio and the operation of those policies in practice. These include whether management's strategy focuses on earning contractual interest income, maintaining a particular interest rate profile, matching the duration of the financial assets to the duration of any related liabilities or expected cash outflows or realising cash flows through the sale of the assets;
- how the performance of the portfolio is evaluated and reported to the Group's management;
- the risks that affect the performance of the business model (and the financial assets held within that business model) and how those risks are managed;
- how managers of the business are compensated – e.g. whether compensation is based on the fair value of the assets managed or the contractual cash flows collected; and
- the frequency, volume and timing of sales of financial assets in prior periods, the reasons for such sales and expectations about future sales activity.

Transfers of financial assets to third parties in transactions that do not qualify for derecognition are not considered sales for this purpose, consistent with the Group's continuing recognition of the assets.

Financial assets that are managed and whose performance is evaluated on a fair value basis are measured at FVTPL.

###### ***Non-derivative financial assets: Assessment whether contractual cash flows are solely payments of principal and interest***

For the purposes of this assessment, 'principal' is defined as the fair value of the financial asset on initial recognition. 'Interest' is defined as consideration for the time value of money and for the credit risk associated with the principal amount outstanding during a particular period of time and for other basic lending risks and costs (e.g. liquidity risk and administrative costs), as well as a profit margin.

In assessing whether the contractual cash flows are solely payments of principal and interest, the Group considers the contractual terms of the instrument. This includes assessing whether the financial asset contains a contractual term that could change the timing or amount of contractual cash flows such that it would not meet this condition. In making this assessment, the Group considers:

- contingent events that would change the amount or timing of cash flows;
- terms that may adjust the contractual coupon rate, including variable rate features;

# NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2023

## 3 Material accounting policies (cont'd)

### 3.3 Financial instruments (cont'd)

#### (ii) Classification and subsequent measurement (cont'd)

##### ***Non-derivative financial assets: Assessment whether contractual cash flows are solely payments of principal and interest (cont'd)***

- prepayment and extension features; and
- terms that limit the Group's claim to cash flows from specified assets (e.g. non-recourse features).

A prepayment feature is consistent with the solely payments of principal and interest criterion if the prepayment amount substantially represents unpaid amounts of principal and interest on the principal amount outstanding, which may include reasonable additional compensation for early termination of the contract. Additionally, for a financial asset acquired at a significant discount or premium to its contractual par amount, a feature that permits or requires prepayment at an amount that substantially represents the contractual par amount plus accrued (but unpaid) contractual interest (which may also include reasonable additional compensation for early termination) is treated as consistent with this criterion if the fair value of the prepayment feature is insignificant at initial recognition.

##### ***Non-derivative financial assets: Subsequent measurement and gains and losses***

###### *Financial assets at FVTPL*

These assets are subsequently measured at fair value. Net gains and losses, including any interest or dividend income, are recognised in 'other operating income' in the statement of comprehensive income.

###### *Financial assets at amortised cost*

These assets are subsequently measured at amortised cost using the effective interest method. The amortised cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognised in profit or loss. Any gain or loss on derecognition is recognised in profit or loss.

##### ***Non-derivative financial liabilities: Classification, subsequent measurement and gains and losses***

Financial liabilities are classified as measured at amortised cost. These financial liabilities are initially measured at fair value less directly attributable transaction costs. They are subsequently measured at amortised cost using the effective interest method. These financial liabilities comprised trade and other payables.

#### (iii) Derecognition

##### ***Financial assets***

The Group derecognises a financial asset when:

- the contractual rights to the cash flows from the financial asset expire; or
- it transfers the rights to receive the contractual cash flows in a transaction in which either
  - substantially all of the risks and rewards of ownership of the financial asset are transferred; or
  - the Group neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset.

Transferred assets are not derecognised when the Group enters into transactions whereby it transfers assets recognised in its statement of financial position, but retains either all or substantially all of the risks and rewards of the transferred assets.



# NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2023

## 3 Material accounting policies (cont'd)

### 3.3 Financial instruments (cont'd)

#### (iii) Derecognition (cont'd)

##### *Financial liabilities*

The Group derecognises a financial liability when its contractual obligations are discharged or cancelled, or expire. The Group also derecognises a financial liability when its terms are modified and the cash flows of the modified liability are substantially different, in which case a new financial liability based on the modified terms is recognised at fair value.

On derecognition of a financial liability, the difference between the carrying amount extinguished and the consideration paid (including any non-cash assets transferred or liabilities assumed) is recognised in profit or loss.

#### (iv) Offsetting

Financial assets and financial liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Group currently has a legally enforceable right to set off the amounts and it intends either to settle them on a net basis or to realise the asset and settle the liability simultaneously.

#### (v) Cash and cash equivalents

Cash and cash equivalents comprise cash balances that are subject to an insignificant risk of changes in their fair value, and are used by the Group in the management of its short-term commitments.

#### (vi) Share capital

##### *Ordinary shares*

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of ordinary shares are recognised as a deduction from equity.

##### *Repurchase, disposal and reissue of share capital (treasury shares)*

When share capital recognised as equity is repurchased, the amount of the consideration paid, which includes directly attributable costs, is recognised as a deduction from equity. Repurchased shares are classified as treasury shares and are presented in the reserve for own share account. When treasury shares are sold or reissued subsequently, the amount received is recognised as an increase in equity, and the resulting surplus or deficit on the transaction is presented in non-distributable capital reserve.

### 3.4 Property, plant and equipment

All items of property, plant and equipment are measured at cost, which includes capitalised borrowing costs, less accumulated depreciation and accumulated impairment losses. Purchased software that is integral to the functionality of the related equipment is capitalised as part of that equipment.

The cost of replacing a component of an item of property, plant and equipment is recognised in the carrying amounts of the item if it is probable that the future economic benefits embodied within the component will flow to the Group, and its cost can be measured reliably. The carrying amount of the replaced component is derecognised. The costs of day-to-day servicing of property, plant and equipment are recognised in profit or loss as incurred.

Depreciation is based on the cost of an asset less its residual value. Depreciation is recognised as an expense in profit or loss on a straight-line basis over the estimated useful lives of each component of an item of property, plant and equipment, unless it is included in the carrying amount of another asset.

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# NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2023

## 3 Material accounting policies (cont'd)

### 3.4 Property, plant and equipment (cont'd)

Depreciation is recognised from the date that the property, plant and equipment are installed and are ready for use, or in respect of internally constructed assets, from the date that the asset is completed and ready for use.

The estimated useful lives for the current and comparative years are as follows:

Furniture and fittings	–	3 to 5 years
Laboratory equipment	–	5 to 12 years
Office equipment	–	3 to 10 years
Motor vehicles	–	3 to 5 years
Leasehold improvement	–	3 to 7 years
Buildings	–	50 to 60 years

Depreciation methods, useful lives and residual values are reviewed at the end of each reporting period and adjusted if appropriate.

The gain or loss on disposal of an item of property, plant and equipment (calculated as the difference between the net proceeds from disposal and the carrying amount of the item) is recognised in profit or loss.

#### ***Reclassification to investment properties***

When the use of properties changes from owner-occupied to investment properties, the properties are remeasured to fair value and reclassified accordingly. Any gains arising on remeasurement are recognised in profit or loss to the extent that they reverse previous impairment losses on the specific properties, with any remaining gains recognised in OCI and presented in the revaluation reserve in equity. Losses are recognised immediately in profit or loss.

When the properties are sold, the related amounts in the revaluation reserve are transferred to retained earnings.

### 3.5 Investment properties

Investment properties are properties held either to earn rental income or for capital appreciation or for both, but not for sale in the ordinary course of business, use in the production or supply of goods or services or for administrative purposes. Investment properties are measured at cost on initial recognition and subsequently at fair value with any change therein recognised in profit or loss.

Costs include expenditures that are directly attributable to the acquisition of the investment properties. The costs of self-constructed investment properties include the cost of materials and direct labour, any other costs directly attributable to bringing the investment properties to working condition for their intended use and capitalised borrowing costs.

Any gains or losses on disposal of investment properties (calculated as the difference between the net proceeds from disposal and the carrying amount of the items) are recognised in profit or loss.

When the use of properties changes such that they are reclassified as property, plant and equipment, their fair values at the date of reclassification becomes their costs for subsequent accounting.

### 3.6 Intangible assets

#### (i) Goodwill

Goodwill that arises upon the acquisition of subsidiaries is included in intangible assets.

#### ***Subsequent measurement***

Goodwill is measured at cost less accumulated impairment losses.

# NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2023

## 3 Material accounting policies (cont'd)

### 3.6 Intangible assets (cont'd)

#### (ii) Other intangible assets

Other intangible assets that are acquired by the Group and have finite useful lives are measured at cost less accumulated amortisation and accumulated impairment losses.

#### (iii) Amortisation

Amortisation is calculated based on the cost of the asset, less its residual value.

Amortisation is recognised in profit or loss on a straight-line basis over the estimated useful lives of intangible assets, other than goodwill, from the date that they are available for use. The estimated useful lives for the current and comparative years are as follows:

Customer contracts	–	12 to 20 years
Computer software	–	3 to 5 years
Brand	–	15 years
Licences and trademarks	–	3 to 10 years

Amortisation methods, useful lives and residual values are reviewed at the end of each reporting period and adjusted if appropriate.

### 3.7 Leases

At inception of a contract, the Group assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

#### (i) As a lessee

At commencement or on modification of a contract that contains a lease component, the Group allocates the consideration in the contract to each lease component on the basis of its relative stand-alone prices. However, for the leases of property, the Group has elected not to separate non-lease components and account for the lease and non-lease components as a single lease component.

The Group recognises a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the end of the lease term, unless the lease transfers ownership of the underlying asset to the Group by the end of the lease term or the cost of the right-of-use asset reflects that the Group will exercise a purchase option. In that case the right-of-use asset will be depreciated over the useful life of the underlying asset, which is determined on the same basis as those of property and equipment. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

The right-of-use asset is subsequently stated at cost less accumulated depreciation and impairment losses, except for right-of-use assets that meet the definition of investment property are carried at fair value in accordance with Note 3.5.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the lessee's incremental borrowing rate. Generally, the Group uses the lessee's incremental borrowing rate as the discount rate.

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# NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2023

## 3 Material accounting policies (cont'd)

### 3.7 Leases (cont'd)

#### (i) As a lessee (cont'd)

The Group determines the lessee's incremental borrowing rate by obtaining interest rates from various external financing sources and makes certain adjustments to reflect the terms of the lease and type of the asset leased.

Lease payments included in the measurement of the lease liability comprise the following:

- fixed payments, including in-substance fixed payments;
- variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;
- amounts expected to be payable under a residual value guarantee; and
- the exercise price under a purchase option that the Group is reasonably certain to exercise, lease payments in an optional renewal period if the Group is reasonably certain to exercise an extension option, and penalties for early termination of a lease unless the Group is reasonably certain not to terminate early.

The lease liability is measured at amortised cost using the effective interest method. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, if there is a change in the Group's estimate of the amount expected to be payable under a residual value guarantee, if the Group changes its assessment of whether it will exercise a purchase, extension or termination option or if there is a revised in-substance fixed lease payment.

When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

The Group presents right-of-use assets that do not meet the definition of investment property in 'property, plant and equipment' in the statement of financial position.

#### **Short-term leases and leases of low-value assets**

The Group has elected not to recognise right-of-use assets and lease liabilities for leases of low-value assets and short-term leases, including IT equipment. The Group recognises the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

#### (ii) As a lessor

At inception or on modification of a contract that contains a lease component, the Group allocates the consideration in the contract to each lease component on the basis of their relative stand-alone prices.

When the Group acts as a lessor, it determines at lease inception whether each lease is a finance lease or an operating lease.

To classify each lease, the Group makes an overall assessment of whether the lease transfers substantially all of the risks and rewards incidental to ownership of the underlying asset. If this is the case, then the lease is a finance lease; if not, then it is an operating lease. As part of this assessment, the Group considers certain indicators such as whether the lease is for the major part of the economic life of the asset.

When the Group is an intermediate lessor, it accounts for its interests in the head lease and the sub-lease separately. It assesses the lease classification of a sub-lease with reference to the right-of-use asset arising from the head lease, not with reference to the underlying asset. If a head lease is a short-term lease to which the Group applies the exemption described above, then it classifies the sub-lease as an operating lease.

# NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2023

## 3 Material accounting policies (cont'd)

### 3.7 Leases (cont'd)

#### (ii) As a lessor (cont'd)

If an arrangement contains lease and non-lease components, then the Group applies SFRS(I) 15 to allocate the consideration in the contract.

The Group applies the derecognition and impairment requirements in SFRS(I) 9 to the net investment in the lease (see Note 3.9(i)). The Group further regularly reviews estimated unguaranteed residual values used in calculating the gross investment in the lease.

The Group recognises lease payments received from investment properties under operating leases as income on a straight-line basis over the lease term as part of 'other operating income'.

### 3.8 Inventories

Inventories are measured at the lower of cost and net realisable value. The cost of inventories is based on a weighted-average cost basis. Inventories mainly consist of materials used in the provision of cord blood, cord lining and cord tissue banking services.

Net realisable value is the estimated selling price in the ordinary course of business less estimated costs of completion and the estimated costs necessary to make the sale.

### 3.9 Impairment

#### (i) Non-derivative financial assets and contract assets

##### *Non-derivative financial assets*

The Group recognises loss allowances for expected credit losses ("ECL") on financial assets measured at amortised cost.

Loss allowances of the Group are measured on either of the following basis:

- 12-month ECLs: these are ECLs that result from default events that are possible within the 12 months after the reporting date (or for a shorter period if the expected life of the instrument is less than 12 months); or
- Lifetime ECLs: these are ECLs that result from all possible default events over the expected life of a financial instrument.

##### *Simplified approach*

The Group applies the simplified approach to provide for ECLs for all trade receivables and contract assets. The simplified approach requires the loss allowance to be measured at an amount equal to lifetime ECLs.

##### *General approach*

The Group applies the general approach to provide for ECLs on all other financial assets. Under the general approach, the loss allowance is measured at an amount equal to 12-month ECLs at initial recognition.

At each reporting date, the Group assesses whether the credit risk of a financial instrument has increased significantly since initial recognition. When credit risk has increased significantly since initial recognition, loss allowance is measured at an amount equal to lifetime ECLs.

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# NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2023

## 3 Material accounting policies (cont'd)

### 3.9 Impairment (cont'd)

#### (i) Non-derivative financial assets and contract assets (cont'd)

##### *General approach (cont'd)*

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECLs, the Group considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Group's historical experience and informed credit assessment and includes forward-looking information.

If credit risk has not increased significantly since initial recognition or if the credit quality of the financial instruments improves such that there is no longer a significant increase in credit risk since initial recognition, loss allowance is measured at an amount equal to 12-month ECLs.

The Group considers a financial asset to be in default when:

- the borrower is unlikely to pay its credit obligations to the Group in full, without recourse by the Group to actions such as realising security (if any is held); or
- the financial asset is more than 90 days past due.

The Group considers a contract asset to be in default when the customer is unlikely to pay its contractual obligations to the Group in full, without recourse by the Group to actions such as realising security (if any is held).

The maximum period considered when estimating ECLs is the maximum contractual period over which the Group is exposed to credit risk.

##### *Measurement of ECLs*

ECLs are probability-weighted estimates of credit losses. Credit losses are measured at the present value of all cash shortfalls (i.e. the difference between the cash flows due to the entity in accordance with the contract and the cash flows that the Group expects to receive). ECLs are discounted at the effective interest rate of the financial asset.

##### *Credit-impaired financial assets*

At each reporting date, the Group assesses whether financial assets carried at amortised cost are credit-impaired. A financial asset is 'credit-impaired' when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

Evidence that a financial asset is credit-impaired includes the following observable data:

- significant financial difficulty of the borrower or issuer;
- a breach of contract such as a default or being more than 90 days past due;
- the restructuring of a loan or advance by the Group on terms that the Group would not consider otherwise;
- it is probable that the borrower will enter bankruptcy or other financial reorganisation; or
- the disappearance of an active market for a security because of financial difficulties.

# NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2023

## 3 Material accounting policies (cont'd)

### 3.9 Impairment (cont'd)

#### (i) Non-derivative financial assets and contract assets (cont'd)

*Presentation of allowance for ECLs in the statement of financial position*

Loss allowances for financial assets measured at amortised cost are deducted from the gross carrying amount of these assets.

*Write-off*

The gross carrying amount of a financial asset is written off (either partially or in full) to the extent that there is no realistic prospect of recovery. This is generally the case when the Group determines that the debtor does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Group's procedures for recovery of amounts due.

#### (ii) Non-financial assets

The carrying amounts of the Group's non-financial assets, other than investment properties, inventories and deferred tax assets, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. For goodwill, and intangible assets that have indefinite useful lives or that are not yet available for use, the recoverable amount is estimated each year at the same time. An impairment loss is recognised if the carrying amount of an asset or its related cash-generating unit ("CGU") exceeds its estimated recoverable amount.

The recoverable amount of an asset or CGU is the greater of its value-in-use and its fair value less costs of disposal. In assessing value-in-use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or CGU. For the purpose of impairment testing, assets that cannot be tested individually are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or CGUs. Subject to an operating segment ceiling test, for the purposes of goodwill impairment testing, CGUs to which goodwill has been allocated are aggregated so that the level at which impairment testing is performed reflects the lowest level at which goodwill is monitored for internal reporting purposes. Goodwill acquired in a business combination is allocated to groups of CGUs that are expected to benefit from the synergies of the combination.

Impairment losses are recognised in profit or loss. Impairment losses recognised in respect of CGUs are allocated first to reduce the carrying amount of any goodwill allocated to the CGU (group of CGUs), and then to reduce the carrying amounts of the other assets in the CGU (group of CGUs) on a pro rata basis.

An impairment loss in respect of goodwill is not reversed. In respect of other assets, impairment losses recognised in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

### 3.10 Employee benefits

#### *Defined contribution plans*

A defined contribution plan is a post-employment benefit plan under which an entity pays fixed contributions into a separate entity and will have no legal or constructive obligation to pay further amounts. Obligations for contributions to defined contribution pension plans are recognised as an employee benefit expense in profit or loss in the periods during which related services are rendered by employees.

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# NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2023

## 3 Material accounting policies (cont'd)

### 3.10 Employee benefits (cont'd)

#### *Employee leave entitlement*

Employee entitlements to annual leave are recognised as a liability when they accrue to employees. The estimated liability for leave is recognised for services rendered by employees up to the reporting date.

#### *Employee equity compensation plans*

Employees (including senior executives) of the Group receive remuneration in the form of share awards as consideration for services rendered.

The grant date fair value of equity-settled share-based payment awards granted to employee is recognised as an employee expense, with a corresponding increase in equity, over the period that the employees unconditionally become entitled to the awards. The amount recognised as an expense is adjusted to reflect the number of awards for which the related service and non-market performance conditions are expected to be met, such that the amount ultimately recognised as an expense is based on the number of awards that meet the related service and non-market performance conditions at the vesting date.

No expense is recognised for awards that do not ultimately vest, except for awards where vesting is conditional upon a market or non-vesting condition, which are treated as vested irrespective of whether or not the market condition or non-vesting condition is satisfied, provided that all other performance and/or service conditions are satisfied. In the case where the award does not vest as the result of a failure to meet a non-vesting condition that is within the control of the Group or the employee, it is accounted for as a cancellation. In such case, the amount of the compensation cost that otherwise would be recognised over the remainder of the vesting period is recognised immediately in profit or loss upon cancellation.

### 3.11 Provisions

A provision is recognised if, as a result of a past event, the Group has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The unwinding of the discount is recognised as finance cost.

### 3.12 Revenue

Revenue from cord blood, cord lining and cord tissue banking services is recognised when the Group satisfies a performance obligation ("PO") by transferring control of a promised good or service to the customer. The amount of revenue recognised is the amount of the transaction price allocated to the satisfied PO.

The transaction price is allocated to each PO in the contract on the basis of the relative stand-alone selling prices of the promised services. The individual stand-alone selling price of a good or service that has not previously been sold on a stand-alone basis, or has a highly variable selling price, is determined based on the residual portion of the transaction price after allocating the transaction price to services with observable stand-alone selling prices. A discount or variable consideration is allocated to one or more, but not all, of the POs if it relates specifically to those POs.

Transaction price is the amount of consideration in the contract to which the Group expects to be entitled in exchange for transferring the promised services. The transaction price may be fixed or variable and is adjusted for time value of money if the contract includes a significant financing component. Consideration payable to a customer is deducted from the transaction price if the Group does not receive a separate identifiable benefit from the customer. When consideration is variable, the estimated amount is included in the transaction price to the extent that it is highly probable that a significant reversal of the cumulative revenue will not occur when the uncertainty associated with the variable consideration is resolved.

Revenue may be recognised at a point in time or over time following the timing of satisfaction of the PO. If a PO is satisfied over time, revenue is recognised based on the percentage of completion reflecting the progress towards complete satisfaction of that PO.



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# NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2023

## 3 Material accounting policies (cont'd)

### 3.13 Government grants

Government grants are recognised initially as deferred income at fair value when there is reasonable assurance that they will be received and the Group will comply with the conditions associated with the grant. These grants are then recognised in profit or loss as 'other operating income'. Grants that compensate the Group for expenses incurred are recognised in profit or loss as 'other operating income' on a systematic basis in the same periods in which the expenses are recognised, unless the conditions for receiving the grant are met after the related expenses have been recognised. In this case, the grant is recognised when it becomes receivable.

### 3.14 Finance income and finance costs

Finance income comprises interest income on funds invested (including financial assets at FVTPL).

Finance costs comprise interest expense on borrowings that are recognised in profit or loss.

Interest income or expense is recognised using the effective interest method.

The 'effective interest rate' is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument to:

- the gross carrying amount of the financial asset; or
- the amortised cost of the financial liability.

In calculating interest income and expense, the effective interest rate is applied to the gross carrying amount of the asset (when the asset is not credit-impaired) or to the amortised cost of the liability. However, for financial assets that have become credit-impaired subsequent to initial recognition, interest income is calculated by applying the effective interest rate to the amortised cost of the financial asset. If the asset is no longer credit-impaired, then the calculation of interest income reverts to the gross basis.

### 3.15 Income tax

Tax expense comprises current and deferred tax. Current tax and deferred tax are recognised in profit or loss except to the extent that it relates to a business combination, or items recognised directly in equity or in OCI.

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years. The amount of current tax payable or receivable is the best estimate of the tax amount expected to be paid or received that reflects uncertainty related to income taxes, if any. Current tax also includes any tax arising from dividends.

Current tax assets and liabilities are offset only if certain criteria are met.

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognised for:

- temporary differences on the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss;
- temporary differences related to investments in subsidiaries, associates and joint arrangements to the extent that the Group is able to control the timing of the reversal of the temporary difference and it is probable that they will not reverse in the foreseeable future; and
- taxable temporary differences arising on the initial recognition of goodwill.

Temporary differences in relation to a right-of-use asset and a lease liability for a specific lease are regarded as a net package (the lease) for the purpose of recognising deferred tax.

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# NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2023

## 3 Material accounting policies (cont'd)

### 3.15 Income tax (cont'd)

The measurement of deferred taxes reflects the tax consequences that would follow the manner in which the Group expects, at the reporting date, to recover or settle the carrying amount of its assets and liabilities. For investment property that is measured at fair value, the presumption that the carrying amount of the investment property will be recovered through sale has not been rebutted. Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date.

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realised simultaneously.

Deferred tax assets are recognised for unused tax losses, unused tax credits and deductible temporary differences to the extent that it is probable that future taxable profits will be available against which they can be used. Future taxable profits are determined based on the reversal of relevant taxable temporary differences. If the amount of taxable temporary differences is insufficient to recognise a deferred tax asset in full, then future taxable profits, adjusted for reversals of existing temporary differences, are considered, based on the business plans for individual subsidiaries in the Group. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised; such reductions are reversed when the probability of future taxable profits improves.

Unrecognised deferred tax assets are reassessed at each reporting date and recognised to the extent that it has become probable that future taxable profits will be available against which they can be used.

#### **Other taxes**

Revenues, expenses and assets are recognised net of the amount of Goods and Services Tax ("GST") except:

- (a) where the GST incurred on a purchase of goods and services is not recoverable from the taxation authority, in which case the GST is recognised as part of the cost of acquisition of the asset or as part of the expense item as applicable; and
- (b) receivables and payables that are stated with the amount of GST included.

The net amount of GST recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the statements of financial position.

Cash flows are included in the consolidated statement of cash flows on a gross basis and the GST component of cash flows arising from investing and financing activities, which is recoverable from, or payable to, the taxation authority are classified as operating cash flows.

Commitments and contingencies are disclosed net of the amount of GST recoverable from, or payable to, the taxation authority.

### 3.16 Earnings per share

The Group presents basic and diluted earnings per share data for its ordinary shares. Basic earnings per share is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company by the weighted-average number of ordinary shares outstanding during the year, adjusted for own shares held. Diluted earnings per share is determined by adjusting the profit or loss attributable to ordinary shareholders and the weighted-average number of ordinary shares outstanding, adjusted for own shares held, for the effects of all dilutive potential ordinary shares, which comprise convertible notes and share options granted to employees.

# NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2023

## 3 Material accounting policies (cont'd)

### 3.17 Segment reporting

An operating segment is a component of the Group that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the Group's other components. All operating segments' operating results are reviewed regularly by the Group Chief Executive Officer (the chief operating decision maker) to make decisions about resources to be allocated to the segment and to assess its performance, and for which discrete financial information is available.

Segment results that are reported to the Group Chief Executive Officer include items directly attributable to a segment as well as those that can be allocated on a reasonable basis.

### 3.18 New standards and interpretations not yet adopted

A number of new standards, interpretations and amendments to standards are effective for annual periods beginning after 1 January 2023 and earlier application is permitted; however, the Group has not early adopted the new or amended standards and interpretations in preparing these financial statements.

The following amendments to SFRS(I) are not expected to have a significant impact on the Group's consolidated financial statements and the Company's statement of financial position.

- *Classification of Liabilities as Current or Non-current and Non-current Liabilities with Covenants* (Amendments to SFRS(I) 1-1)
- Amendments to SFRS(I) 1-7 and SFRS(I) 7: *Supplier Finance Arrangements*
- Amendments to SFRS(I) 16: *Lease Liability in a Sale and Leaseback*
- Amendments to SFRS(I) 1-21: *Lack of Exchangeability*

## 4 Revenue

	Group	
	2023	2022
	\$'000	\$'000
Rendering of cord blood, cord lining and cord tissue banking services	43,287	42,722
Finance income on contract assets	7,918	8,016
Rendering of other services	4,525	4,418
	<u>55,730</u>	<u>55,156</u>

The following table provides information about the nature and timing of the satisfaction of performance obligations in contracts with customers, including significant payment terms, and the related revenue recognition policies.

# NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2023

## 4 Revenue (cont'd)

### Rendering of cord blood, cord lining and cord tissue banking services: processing revenue

Nature of goods or services	Collection, processing and testing of the cord blood, cord lining and cord tissue sample.
When revenue is recognised	Revenue is recognised upon completion of processing of the cord blood, cord lining and cord tissue sample.
Significant payment terms	Deferred payment plans that include annual instalments over 18 to 21 years, monthly instalment plans over 12 to 60 months or full upfront payment upon contract signing or client delivery. Deferred payment plans have been determined to include a significant financing component. No significant financing component is recognised for upfront payments plans.
Obligations for refunds, if any	Refunds will be provided if no collection is done.
Obligations for warranties	Nil

### Rendering of cord blood, cord lining and cord tissue banking services: storage revenue

Nature of goods or services	Cryopreservation of the cord blood, cord lining and cord tissue sample.
When revenue is recognised	Over the storage period.
Significant payment terms	Deferred payment plans that include annual instalments over 18 to 21 years, monthly instalment plans over 12 to 60 months or full upfront payment upon contract signing or client delivery. Deferred payment plans have been determined to include a significant financing component. No significant financing component is recognised for upfront payments plans as these terms are designed for reasons other than provision of financing to the Group.
Obligations for refunds, if any	For full upfront payments, customers are entitled to refunds in certain countries on the prepaid storage component that has not been fulfilled, if the contract is terminated in accordance with the terms of the contract.
Obligations for warranties	Nil

### Rendering of other services: diagnostics testing services revenue

Nature of goods or services	Provision of diagnostics testing services
When revenue is recognised	Revenue is recognised based on the completion of testing and issuance of test report.
Significant payment terms	Invoices are due 30 days upon signing of agreement.
Obligations for refunds, if any	Nil
Obligations for warranties	Nil

# NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2023

## 4 Revenue (cont'd)

### Contract balances

	Group		Company	
	2023 \$'000	2022 \$'000	2023 \$'000	2022 \$'000
Contract assets	62,556	63,597	38,788	39,637
Contract liabilities – current	8,852	9,035	3,691	3,702
Contract liabilities – non-current	62,052	67,280	12,013	16,188

The contract assets primarily relate to the Group's rights to consideration for work completed but not billed at the reporting date on rendering of cord blood, cord lining and cord tissue banking services. The contract assets are transferred to trade receivables when the rights become unconditional. This usually occurs when the Group invoices the customer.

The contract liabilities primarily relate to advance consideration received from customers for the rendering of cord blood, cord lining and cord tissue banking services.

Significant changes in the contract assets and the contract liabilities balances during the year were as follows:

	Contract assets		Contract liabilities	
	2023 \$'000	2022 \$'000	2023 \$'000	2022 \$'000
Revenue recognised that was included in the contract liabilities balance at the beginning of the year	—	—	9,035	9,026
Reversal of impairment loss on contract assets	94	181	—	—

In the absence of observable market price, the Group determines the relative stand-alone selling prices allocated to each performance obligation, using the expected costs plus expected margins approach. Significant estimates are used in the determination of the expected costs and margins, and in making these estimates, management has relied on past experience and evidence. The expected cost inputs are reviewed every reporting period and adjusted where necessary, with the corresponding effect of change being recognised prospectively from the date of change.

# NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2023

## 4 Revenue (cont'd)

### Transaction price allocated to the remaining performance obligations

The following table includes revenue expected to be recognised in the future related to performance obligations that are unsatisfied (or partially satisfied) at the reporting date.

2023	2024-2028	2029-2033	2034-2038	2039-2043	>2044	Total
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Rendering of cord blood, cord lining and cord tissue banking services: storage revenue	46,543	33,306	18,357	5,991	10,323	114,520
<b>2022</b>	<b>2023-2027</b>	<b>2028-2032</b>	<b>2033-2037</b>	<b>2038-2042</b>	<b>&gt;2043</b>	<b>Total</b>
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Rendering of cord blood, cord lining and cord tissue banking services: storage revenue	47,121	36,030	20,642	6,963	9,320	120,076

## 5 Other operating income

	Group	
	2023	2022
	\$'000	\$'000
Rental income	98	98
(Loss)/gain on disposal of property, plant and equipment and investment properties, net	(5)	498
Fair value gain/(loss) on short-term investments, net	36	(299)
Grant income	208	325
Others	249	194
	<b>586</b>	<b>816</b>

# NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2023

## 6 Finance income and finance costs

	Group	
	2023 \$'000	2022 \$'000
Interest income from fixed deposits	2,945	1,901
Interest income from investments	475	786
Finance income	<u>3,420</u>	<u>2,687</u>
Interest expense on lease liabilities	(268)	(152)
Finance costs	<u>(268)</u>	<u>(152)</u>

## 7 Profit for the year

The following items have been included in arriving at profit for the year:

	Note	Group	
		2023 \$'000	2022 \$'000
Employee benefits expense	28	22,009	21,312
Audit fees paid to auditors of the Company and other firms affiliated with KPMG International Limited		631	527
Non-audit fees paid to auditors of the Company and other firms affiliated with KPMG International Limited		35	61
Depreciation of property, plant and equipment	11	3,217	2,784
Amortisation of intangible assets	13	813	899
Impairment loss on trade receivables, net	30(i)	294	589
Bad debts written off		—	342

## 8 Tax expense

	Group	
	2023 \$'000	2022 \$'000
<b>Current tax expense</b>		
Current year	1,395	1,154
(Over)/under-provision in respect of previous years	(285)	47
	<u>1,110</u>	<u>1,201</u>
<b>Deferred tax expense</b>		
Origination and reversal of temporary differences	(100)	(566)
Over-provision in respect of previous years	(318)	(18)
	<u>(418)</u>	<u>(584)</u>
	<u>692</u>	<u>617</u>

# NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2023

## 8 Tax expense (cont'd)

	Group	
	2023 \$'000	2022 \$'000
<b>Reconciliation of effective tax rate</b>		
Profit before income tax	4,258	5,503
Less: share of results of associate	(1,263)	(718)
Profit before share of results of associate and income tax	2,995	4,785
Tax using the Singapore tax rate of 17% (2022: 17%)	509	813
Effect of tax rates in foreign jurisdictions	(171)	(32)
Deferred tax assets not recognised	237	237
Non-deductible expenses	502	260
Tax-exempt income	(154)	(120)
Recognition of tax effect on previously unrecognised tax losses	—	(305)
Recognition of previously unrecognised deferred tax assets	—	(415)
Recognition of deferred tax on share of results of associate	303	172
Recognition of deferred tax on retained earnings of associate due to change in tax ruling	—	66
Effect of partial tax exemption	(17)	(17)
Tax rebate	(40)	—
(Over)/under-provision in respect of previous years	(603)	29
Others	126	(71)
	692	617

## 9 Earnings per share

Basic earnings per share is calculated by dividing the profit attributable to owners of the Company by the weighted-average number of ordinary shares outstanding during the financial year.

Diluted earnings per share is calculated by dividing profit attributable to owners of the Company by the weighted-average number of ordinary shares outstanding after adjustment for the effects of all dilutive potential ordinary shares.

The following reflects the profit and share data used in the computation of basic and diluted earnings per share:

	Group	
	2023 \$'000	2022 \$'000
Profit for the financial year attributable to owners of the Company	3,523	4,887
	'000	'000
Weighted-average number of ordinary shares for basic earnings per share computation	256,191	255,748
Effects of dilution – share grants	103	481
Weighted-average number of ordinary shares for diluted earnings per share computation	256,294	256,229



# NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2023

## 10 Investment in associate

	Group	
	2023 \$'000	2022 \$'000
Shares, at cost	316	316
Share of post-acquisition results of associate	1,914	1,212
Other comprehensive income	(12)	(15)
	2,218	1,513

Details of the associated company are as follows:

Name of company	Principal place of business/country of incorporation	Principal activity	Proportion of effective ownership interest	
			2023 %	2022 %

*Held by Stemlife Berhad*

Thai Stemlife Co., Ltd <sup>1</sup>	Thailand	Cord blood banking services	39.61	39.61
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<sup>1</sup> Audited by KPMG Phoomchai Audit Ltd

The summarised financial information of the associate, based on its financial statements prepared in accordance with SFRS(I), amended for fair value adjustments on acquisition was as follows:

	Group	
	2023 \$'000	2022 \$'000
Revenue for the financial year	8,105	6,664
Net profit for the financial year	3,157	1,794
Other comprehensive income for the financial year	(424)	(114)
<b>Total comprehensive income attributable to associate's shareholders</b>	2,733	1,680
Non-current assets	1,544	1,619
Current assets	7,387	5,576
Non-current liabilities	(1,586)	(1,732)
Current liabilities	(1,799)	(1,681)
<b>Net assets</b>	5,546	3,782
<b>Carrying amount of interest in associate at beginning of the year</b>	1,513	1,106
Group's share of:		
- profit for the year	1,263	718
Other comprehensive income	(92)	(151)
Dividend received during the year	(466)	(160)
<b>Carrying amount of interest in associate at end of the year</b>	2,218	1,513

# NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2023

## 11 Property, plant and equipment

	Furniture and fittings \$'000	Laboratory equipment \$'000	Office equipment \$'000	Motor vehicles \$'000	Leasehold improvement \$'000	Buildings \$'000	Construction- in-progress \$'000	Total \$'000
<b>Group</b>								
<b>Cost</b>								
At 1 January 2022	1,290	11,141	3,806	205	5,001	18,459	496	40,398
Additions	48	424	253	—	106	1,178	950	2,959
Disposals	(22)	(438)	(289)	—	(59)	(1,211)	—	(2,019)
Derecognition of right-of- use asset	—	—	—	—	—	(943)	—	(943)
Transfer from construction-in-progress	1	410	61	—	107	658	(1,237)	—
Reclassification to investment property - depreciation offset	—	—	—	—	—	(82)	—	(82)
Revaluation of property reclassified to investment property	—	—	—	—	—	527	—	527
Reclassification to investment property	—	—	—	—	—	(677)	—	(677)
Exchange rate adjustments	(29)	(487)	(181)	(7)	(132)	(794)	(25)	(1,655)
At 31 December 2022	1,288	11,050	3,650	198	5,023	17,115	184	38,508
At 1 January 2023	1,288	11,050	3,650	198	5,023	17,115	184	38,508
Additions	35	980	336	—	698	3,157	124	5,330
Disposals	(58)	(81)	(136)	—	(79)	—	—	(354)
Transfer from construction-in-progress	—	130	—	—	—	—	(130)	—
Exchange rate adjustments	(16)	(221)	(57)	(5)	(101)	(332)	(2)	(734)
At 31 December 2023	1,249	11,858	3,793	193	5,541	19,940	176	42,750

# NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2023

## 11 Property, plant and equipment (cont'd)

	Furniture and fittings \$'000	Laboratory equipment \$'000	Office equipment \$'000	Motor vehicles \$'000	Leasehold improvement \$'000	Buildings \$'000	Construction- in-progress \$'000	Total \$'000
<b>Group</b>								
<b>Accumulated depreciation</b>								
At 1 January 2022	1,231	9,141	2,978	158	4,769	5,718	—	23,995
Depreciation charge for the year	26	442	392	31	103	1,790	—	2,784
Disposals	(22)	(435)	(289)	—	(59)	(178)	—	(983)
Derecognition of right-of-use asset	—	—	—	—	—	(686)	—	(686)
Reclassification to investment property - depreciation offset	—	—	—	—	—	(82)	—	(82)
Exchange rate adjustments	(27)	(332)	(147)	(9)	(119)	(310)	—	(944)
At 31 December 2022	1,208	8,816	2,934	180	4,694	6,252	—	24,084
At 1 January 2023	1,208	8,816	2,934	180	4,694	6,252	—	24,084
Depreciation charge for the year	18	501	393	15	321	1,969	—	3,217
Disposals	(51)	(81)	(131)	—	(79)	—	—	(342)
Exchange rate adjustments	(14)	(171)	(47)	(2)	(92)	(154)	—	(480)
At 31 December 2023	1,161	9,065	3,149	193	4,844	8,067	—	26,479
<b>Carrying amounts</b>								
At 1 January 2022	59	2,000	828	47	232	12,741	496	16,403
At 31 December 2022	80	2,234	716	18	329	10,863	184	14,424
At 31 December 2023	88	2,793	644	—	697	11,873	176	16,271

# NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2023

## 11 Property, plant and equipment (cont'd)

	Furniture and fittings \$'000	Laboratory equipment \$'000	Office equipment \$'000	Leasehold improvement \$'000	Buildings \$'000	Construction- in-progress \$'000	Total \$'000
<b>Company</b>							
<b>Cost</b>							
At 1 January 2022	445	2,189	1,508	861	7,150	39	12,192
Additions	21	88	69	8	505	68	759
Disposals	—	—	(179)	(45)	(1,210)	—	(1,434)
Derecognition of right-of-use asset	—	—	—	—	(686)	—	(686)
Transfer from construction-in-progress	—	—	—	107	—	(107)	—
At 31 December 2022	466	2,277	1,398	931	5,759	—	10,831
At 1 January 2023	466	2,277	1,398	931	5,759	—	10,831
Additions	28	325	70	120	658	—	1,201
Disposals	(49)	—	(36)	(67)	—	—	(152)
At 31 December 2023	445	2,602	1,432	984	6,417	—	11,880
<b>Accumulated depreciation</b>							
At 1 January 2022	434	1,870	1,151	815	1,364	—	5,634
Depreciation charge for the year	8	73	166	23	328	—	598
Disposals	—	—	(179)	(45)	(178)	—	(402)
Derecognition of right-of-use asset	—	—	—	—	(686)	—	(686)
At 31 December 2022	442	1,943	1,138	793	828	—	5,144
At 1 January 2023	442	1,943	1,138	793	828	—	5,144
Depreciation charge for the year	11	102	142	67	447	—	769
Disposals	(42)	—	(36)	(67)	—	—	(145)
At 31 December 2023	411	2,045	1,244	793	1,275	—	5,768
<b>Carrying amounts</b>							
At 1 January 2022	11	319	357	46	5,786	39	6,558
At 31 December 2022	24	334	260	138	4,931	—	5,687
At 31 December 2023	34	557	188	191	5,142	—	6,112

The Group and the Company's property, plant and equipment includes right-of-use assets of \$4,169,000 and \$802,000 respectively (2022: \$3,026,000 and \$561,000) (Note 26).

### Transfer to investment property

During the financial year ended 31 December 2022, one property that was classified under property, plant and equipment was redesignated to investment property.

Immediately before the transfer, the Group remeasured the property at fair value and recognised a gain of \$482,000 in other comprehensive income, made up of \$527,000 fair value gain on property, net of deferred tax liability of \$45,000. The valuation techniques and significant unobservable inputs used in measuring the fair value of the property at the date of transfer were the same as those applied to investment properties at the reporting date (see Note 12).

# NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2023

## 12 Investment properties

	Note	Group		Company	
		2023 \$'000	2022 \$'000	2023 \$'000	2022 \$'000
<b>Statements of financial position:</b>					
At 1 January		4,618	3,513	2,269	1,848
Transfer from property, plant and equipment	11	—	677	—	—
Change in fair value		252	537	164	421
Exchange rate adjustments		(134)	(109)	—	—
At 31 December		4,736	4,618	2,433	2,269
<b>Statement of comprehensive income:</b>					
<i>Rental income from investment properties:</i>					
Minimum lease payments		98	98		
<i>Direct operating expenses arising from:</i>					
Rental generating properties		24	22		
Non-rental generating properties		15	9		

The Group has no restrictions on the realisability of its investment properties and no contractual obligations to purchase, construct or develop its investment properties or for repairs, maintenance or enhancements.

Changes in fair values are recognised as gain or loss in profit or loss.

The investment properties held by the Group and the Company as at 31 December 2023 are as follows:

Description and location	Tenure	Lease term
<b>Group</b>		
3 office units, A'Posh Bizhub 1 Yishun Industrial Street 1, Singapore	Leasehold	60 years
Unit 6.06, Wisma Perintis, Jalan Dungun, Damansara Heights, 50490 Kuala Lumpur	Freehold	Freehold
B-1-8, Greentown Square, Jalan Dato Seri Ahmad Said, 30450 Ipoh, Perak	Leasehold	99 years
No. 220, Jalan Burma, 10350 Penang	Freehold	Freehold
B-2-8, Greentown Square, Jalan Dato Seri Ahmad Said, 30450 Ipoh, Perak	Leasehold	99 years
B-3-8, Greentown Square, Jalan Dato Seri Ahmad Said, 30450 Ipoh, Perak	Leasehold	99 years
B-7-15, Megan Avenue II, 12 Jalan Yap Kwan Seng, 50450 Kuala Lumpur	Freehold	Freehold
<b>Company</b>		
3 office units, A'Posh Bizhub 1 Yishun Industrial Street 1, Singapore	Leasehold	60 years

### (i) Fair value hierarchy

Investment properties are stated at fair value, which has been determined based on valuations performed as at the reporting date. The valuations are performed by PREMAS Valuers & Property Consultants Pte Ltd and VPC Alliance (KL) Sdn. Bhd., who are independent valuers with recognised and relevant professional qualifications and with recent experiences in the location and category of the properties being valued. The fair value measurement for all investment properties has been categorised as a Level 3 fair value.

# NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2023

## 12 Investment properties (cont'd)

### (ii) Valuation technique and inputs used

The valuers had considered direct comparison method as the valuation technique used in measuring the fair value of investment properties. The direct comparison method involves the analysis of comparable market transactions that consider the transactions for similar properties that have been transacted in the open market to that reflective of the investment properties.

The significant unobservable input used in the valuation model to determine the fair value is the price per square foot of gross floor area. For financial year ended 31 December 2023, the price per square feet of gross floor area used to value the Group's investment properties ranged from \$59 to \$601 (2022: \$57 to \$560).

## 13 Intangible assets

	Customer contracts \$'000	Brand \$'000	Goodwill \$'000	Computer software \$'000	Licence \$'000	Trademark \$'000	Work-in-progress \$'000	Total \$'000
<b>Group</b>								
<b>Cost</b>								
At 1 January 2022	2,779	3,873	27,618	4,448	860	117	617	40,312
Additions	—	—	—	370	—	—	268	638
Disposals	—	—	—	—	—	—	(62)	(62)
Transfer from work-in-progress	—	—	—	200	—	179	(379)	—
Exchange rate adjustments	(69)	(112)	(628)	(134)	—	—	—	(943)
At 31 December 2022	2,710	3,761	26,990	4,884	860	296	444	39,945
At 1 January 2023	2,710	3,761	26,990	4,884	860	296	444	39,945
Additions	—	—	—	204	—	—	354	558
Disposals	—	—	—	(48)	—	—	—	(48)
Transfer from work-in-progress	—	—	—	301	—	—	(301)	—
Exchange rate adjustments	(129)	(130)	(750)	(72)	—	—	(7)	(1,088)
At 31 December 2023	2,581	3,631	26,240	5,269	860	296	490	39,367
<b>Accumulated amortisation</b>								
At 1 January 2022	1,932	2,084	—	3,826	860	71	—	8,773
Amortisation for the year	215	334	—	256	—	94	—	899
Exchange rate adjustments	(53)	(87)	—	(33)	—	—	—	(173)
At 31 December 2022	2,094	2,331	—	4,049	860	165	—	9,499
At 1 January 2023	2,094	2,331	—	4,049	860	165	—	9,499
Amortisation for the year	191	247	—	346	—	29	—	813
Disposals	—	—	—	(48)	—	—	—	(48)
Exchange rate adjustments	(51)	(95)	—	(59)	—	—	—	(205)
At 31 December 2023	2,234	2,483	—	4,288	860	194	—	10,059
<b>Carrying amounts</b>								
At 1 January 2022	847	1,789	27,618	622	—	46	617	31,539
At 31 December 2022	616	1,430	26,990	835	—	131	444	30,446
At 31 December 2023	347	1,148	26,240	981	—	102	490	29,308

# NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2023

## 13 Intangible assets (cont'd)

### Customer contracts

Customer contracts relate to the existing cord blood, cord lining banking and cord tissue service contracts of the subsidiaries acquired, with useful lives ranging from 12 to 20 years.

### Brand

Brand relates to the “Stemlife” and “Healthbaby” brand name possessed by the acquired subsidiary, Stemlife Berhad and Healthbaby Biotech (Hong Kong) Co., Limited, with an amortisation period of 15 years.

### Amortisation expense

The amortisation of the intangible assets has been recognised in the “Administrative expenses” line item in the consolidated statement of comprehensive income.

### Impairment testing for CGUs containing goodwill

For the purposes of impairment testing, goodwill acquired through business combinations has been allocated to the Group’s CGUs (operating divisions) as follows:

	Group	
	2023	2022
	\$'000	\$'000
Business operations in Malaysia – Stemlife Berhad	6,636	7,034
Business operations in Hong Kong – Healthbaby and Cordlife Hong Kong	19,604	19,956
	<u>26,240</u>	<u>26,990</u>

The recoverable amount of a CGU is based on the greater of its fair value less costs to sell (“FVLCS”) and its value-in-use (“VIU”).

#### *Stemlife Berhad*

For financial year ended 31 December 2023, the recoverable amount of the goodwill arising from the acquisition of Stemlife Berhad had been determined based on FVLCS, by applying a reference enterprise value (“EV”) over earnings before interest, taxes, depreciation and amortisation (“EBITDA”) multiple (“EV/EBITDA multiple”), adjusted for a lack of marketability, to the CGU’s adjusted EBITDA. The fair value measurement was categorised as a Level 3 fair value based on the inputs in the valuation technique used. For financial year ended 31 December 2022, the recoverable amount had been determined based on VIU calculations using cash flow projections from financial budgets approved by management covering a five-year period.

The key assumptions used in the estimation of the recoverable amount are set out below.

	2023	2022
EV/EBITDA multiple	16.82	N.A.
Discount for lack of marketability (“DLOM”)	30.0%	N.A.
Discount rate (pre-tax)	N.A.	15.0%
Terminal growth rate	N.A.	1.0%
Revenue growth rates (average of next five years)	<u>N.A.</u>	<u>8.8%</u>

# NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2023

## 13 Intangible assets (cont'd)

### Impairment testing for CGUs containing goodwill (cont'd)

#### *Stemlife Berhad (cont'd)*

For financial year ended 31 December 2023, the calculations for FVLCS are most sensitive to the following assumptions:

EV/EBITDA multiple used was the average of the EV/EBITDA of various reference companies. The selection of the reference companies took into consideration, amongst others, the industry and sector as well as the size and scale of these companies. As Stemlife Berhad is not listed on a stock exchange, a DLOM was applied in order to account for the illiquidity or difficulty in selling ownership interest in the CGU compared to publicly traded securities. Management's estimate of the DLOM took into account general marketability discounts applied in comparable situations.

For financial year ended 31 December 2022, the calculations of VIU for the CGU are most sensitive to the following assumptions:

Revenue growth was projected taking into account the market share assumptions. These assumptions are important because, as well as using market data for the growth rate (as noted above), management assesses how the CGU's position, relative to its competitors, might change over the budget period. Management expects the Group's share of the market to grow over the budget period.

The terminal growth rate is based on management's estimate of long-term compound annual growth rate in budgeted profit, which management believed was consistent with the assumption that a market participant would make.

The discount rate represents the current market assessment of the risks specific to the CGU, regarding the time value of money and individual risks of the underlying assets, which have not been incorporated in the cash flow estimates. The discount rate calculation is based on the specific circumstances of the Group and the CGU and derived from its weighted average cost of capital ("WACC"). The WACC takes into account both debt and equity. The cost of equity is derived from the expected return on investment by the Group's investors. The cost of debt is based on average prime lending rate offered by banks. The CGU's specific risk is incorporated by applying individual risk premiums. The risk premiums are evaluated annually based on publicly available market data.

The estimated recoverable amount of the CGU exceeded its carrying amount by approximately \$2,443,000 (2022: \$1,536,000). Management has identified that a reasonably possible change in two key assumptions could cause the carrying amount to exceed the recoverable amount. The following table shows the amount by which these two assumptions would need to change individually for the estimated recoverable amount to be equal to the carrying amount.

	Change required for carrying amount to equal the recoverable amount	
	2023	2022
EV/EBITDA multiple	12.87	N.A.
DLOM	46.5%	N.A.
Discount rate (pre-tax)	N.A.	8.6%
Revenue growth rates (average of next five years)	N.A.	(2.3)%



# NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2023

## 13 Intangible assets (cont'd)

### *Healthbaby and Cordlife Hong Kong*

The recoverable amount has been determined based on VIU calculations using cash flow projections from financial budgets approved by management covering a five-year period. The key assumptions used in the estimation of the recoverable amount are set out below.

	2023	2022
Discount rate (pre-tax)	10.0%	13.0%
Terminal growth rate	1.0%	1.0%
Revenue growth rates (average of next five years)	7.0%	10.3%

The calculations of VIU for the CGU are most sensitive to the following assumptions:

Revenue growth was projected taking into account the market share assumptions. These assumptions are important because, as well as using market data for the growth rate (as noted above), management assesses how the CGU's position, relative to its competitors, might change over the budget period. Management expects the Group's share of the market to grow over the budget period.

The terminal growth rate is based on management's estimate of long-term compound annual growth rate in budgeted profit, which management believed was consistent with the assumption that a market participant would make.

The discount rate represents the current market assessment of the risks specific to the CGU, regarding the time value of money and individual risks of the underlying assets, which have not been incorporated in the cash flow estimates. The discount rate calculation is based on the specific circumstances of the Group and the CGU and derived from its WACC. The WACC takes into account both debt and equity. The cost of equity is derived from the expected return on investment by the Group's investors. The cost of debt is based on average prime lending rate offered by banks. The CGU's specific risk is incorporated by applying individual risk premiums. The risk premiums are evaluated annually based on publicly available market data.

The estimated recoverable amount of the CGU exceeded its carrying amount by approximately \$3,483,000 (2022: \$876,000). Management has identified that a reasonably possible change in two key assumptions could cause the carrying amount to exceed the recoverable amount. The following table shows the amount by which these two assumptions would need to change individually for the estimated recoverable amount to be equal to the carrying amount.

	Change required for carrying amount to equal the recoverable amount	
	2023	2022
Discount rate (pre-tax)	6.0%	1.1%
Revenue growth rates (average of next five years)	(0.9)%	(0.2)%

# NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2023

## 13 Intangible assets (cont'd)

During the financial year, no impairment loss was recognised (2022: \$Nil).

	Computer software \$'000	Trademark \$'000	Work-in-progress \$'000	Total \$'000
<b>Company</b>				
<b>Cost</b>				
At 1 January 2022	2,434	117	517	3,068
Additions	4	—	262	266
Disposals	—	—	(62)	(62)
Transfer from work-in-progress	200	179	(379)	—
At 31 December 2022	2,638	296	338	3,272
At 1 January 2023	2,638	296	338	3,272
Additions	44	—	352	396
Transfer from work-in-progress	301	—	(301)	—
At 31 December 2023	2,983	296	389	3,668
<b>Accumulated amortisation</b>				
At 1 January 2022	2,263	75	—	2,338
Amortisation for the year	98	94	—	192
At 31 December 2022	2,361	169	—	2,530
At 1 January 2023	2,361	169	—	2,530
Amortisation for the year	114	29	—	143
At 31 December 2023	2,475	198	—	2,673
<b>Carrying amounts</b>				
At 1 January 2022	171	42	517	730
At 31 December 2022	277	127	338	742
At 31 December 2023	508	98	389	995

## 14 Investments

	Group		Company	
	2023 \$'000	2022 \$'000	2023 \$'000	2022 \$'000
Designated at fair value				
– Unquoted non-equity investments <sup>(1)</sup>	4,627	4,562	4,627	4,562
Mandatorily at FVTPL				
– Unquoted non-equity investments <sup>(2)</sup>	1,228	1,257	—	—
	5,855	5,819	4,627	4,562

<sup>(1)</sup> In the financial year ended 30 June 2016, the Group subscribed for a Class A Redeemable Convertible Note (“RCN”) in the principal amount of \$4,200,000 from CellResearch Corporation Pte. Ltd. (“CRC”). The RCN bears interest rate of 3-month SIBOR plus 7% per annum payable annually in arrears. The RCN is classified as an unquoted non-equity investment, which is carried at fair value through profit or loss. The RCN will mature on 31 December 2024.

<sup>(2)</sup> The Group’s unquoted non-equity investments mandatorily at FVTPL comprise investments in money market funds.

# NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2023

## 15 Trade receivables

Trade receivables (current) are non-interest bearing and generally settled on 30 to 60 day terms.

The Group and the Company's exposure to credit and currency risks, and impairment losses for trade and other receivables, are disclosed in Note 30.

## 16 Other receivables

	Group		Company	
	2023 \$'000	2022 \$'000	2023 \$'000	2022 \$'000
<b>Non-current</b>				
Other receivables	10	—	—	—
<b>Current</b>				
Interest receivable	1,301	1,142	80	55
Advances	49	168	—	—
Other receivables	807	829	421	423
Deposits	1,013	800	250	211
	3,170	2,939	751	689

## 17 Inventories

	Group		Company	
	2023 \$'000	2022 \$'000	2023 \$'000	2022 \$'000
Consumables, at cost	797	1,362	207	280

Inventories recognised as an expense in cost of sales amount to \$2,874,000 (2022: \$3,220,000).

## 18 Amounts owing by/(to) subsidiaries

Current amounts owing by/(to) subsidiaries are trade and non-trade related, unsecured, interest-free, are repayable on demand for non-trade related amounts, and with a 30-day credit term for trade related amounts.

Non-current amounts owing to subsidiaries are non-trade related, unsecured, interest-bearing and are not contractually repayable within the next twelve months.

There is no allowance for doubtful debts arising from amounts owing by subsidiaries.

# NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2023

## 19 Fixed deposits

	Group		Company	
	2023 \$'000	2022 \$'000	2023 \$'000	2022 \$'000
<b>Non-current</b>				
Unpledged fixed deposits	8,671	4,746	—	—
<b>Current</b>				
Unpledged fixed deposits	40,731	45,970	6,111	10,075
Pledged fixed deposits	8,860	9,379	—	—

As at the reporting date 31 December 2023, the Group's non-current unpledged fixed deposits will mature between 1 to 2 years (2022: 1 to 2 years) and bear interest at an effective rate of 7.0% to 8.2% (2022: 5.2% to 7.0%). The Group's current unpledged fixed deposits will mature within 12 months (2022: 12 months) and bear interest at an effective rate of 3.0% to 8.1% (2022: 2.7% to 7.0%) per annum.

Pledged fixed deposits, which will mature within 2 months (2022: 6 months) and bear interest at an effective rate of 3.3% to 3.6% (2022: 0.5% to 3.2%) per annum. As at 31 December 2023, the pledged fixed deposits are pledged for a banker's guarantee issued for an office lease and a short-term loan facility, which gives the Company a drawdown limit of the lower of \$10.0 million or the total aggregate amount of 90% of the Singapore dollar equivalent of the principal amount of Malaysian ringgit fixed deposits maintained with the bank (2022: pledged for a banker's guarantee issued for an office lease and a short-term loan facility).

## 20 Cash and cash equivalents

	Group		Company	
	2023 \$'000	2022 \$'000	2023 \$'000	2022 \$'000
Cash at bank and on hand	18,423	13,381	7,127	3,882

Cash and cash equivalents denominated in foreign currencies (i.e. in currencies other than the functional currencies in which they are measured) were as follows:

	Group		Company	
	2023 \$'000	2022 \$'000	2023 \$'000	2022 \$'000
Singapore Dollar	217	202	—	—
Malaysian Ringgit	214	222	214	222
Swiss Franc	1	1	—	—
United States Dollar	73	48	45	47

For the purpose of the consolidated statement of cash flows, only cash at bank and on hand are classified as cash and cash equivalents.

# NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2023

## 21 Trade and other payables

	Group		Company	
	2023 \$'000	2022 \$'000	2023 \$'000	2022 \$'000
<b>Current</b>				
Trade payables	4,029	3,693	203	206
Other payables*	5,780	3,351	3,585	1,183
Accrued expenses	2,217	2,091	1,099	760
Accrual for salaries and bonuses	1,135	820	1,043	756
	<u>13,161</u>	<u>9,955</u>	<u>5,930</u>	<u>2,905</u>
<b>Non-current</b>				
Other payables	<u>1,005</u>	<u>522</u>	<u>—</u>	<u>—</u>

\* Other payables include an accrual of \$2.2 million in relation to the refund of annual fees received from the start of the temperature excursion and waiving of subsequent fees for all active clients whose CBUs are stored in Tank A for FY2023. No such accruals were made in FY2022.

Current trade and other payables are non-interest bearing and are generally settled in cash on 30-day terms.

Non-current other payables are non-interest bearing and are not expected to be settled within the next 12 months.

The Group and the Company's exposures to liquidity risk related to trade and other payables are disclosed in Note 30.

## 22 Deferred tax assets/liabilities

	Group				Company	
	Statement of financial position		Recognised in profit or loss		Statement of financial position	
	2023 \$'000	2022 \$'000	2023 \$'000	2022 \$'000	2023 \$'000	2022 \$'000
<b>Deferred tax liabilities</b>						
Differences in depreciation for tax purposes	51	51	—	(27)	15	15
Fair value adjustment on acquisition of subsidiaries	3,129	3,565	(401)	(381)	—	—
Investment properties	113	112	9	21	—	—
Investment in associate	437	231	218	218	—	—
	<u>3,730</u>	<u>3,959</u>			<u>15</u>	<u>15</u>
<b>Deferred tax assets</b>						
Unutilised tax losses	858	890	(244)	(415)	415	415
	<u>858</u>	<u>890</u>			<u>415</u>	<u>415</u>
<b>Deferred tax credit</b>			<u>(418)</u>	<u>(584)</u>		

# NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2023

## 22 Deferred tax assets/liabilities (cont'd)

### Unrecognised tax losses

At the end of the reporting period, the Group has tax losses of approximately \$301,000 expiring in 2024 - 2031 (2022: \$270,000 expire in 2023 - 2030). The remaining tax losses of \$5,867,000 (2022: \$5,427,000) do not expire under current tax legislation. These tax losses are available for offset against future taxable profits of the subsidiaries in which the losses arose, for which no deferred tax asset is recognised due to uncertainty of its recoverability. The use of these tax losses is subject to the agreement of the tax authorities and compliance with certain provisions of the tax legislation of the respective countries in which the companies operate.

### Unrecognised temporary differences relating to investments in subsidiaries

At the end of the reporting period, there are unrecognised temporary differences of \$22,817,000 (2022: \$17,202,000) relating to investment in subsidiaries.

## 23 Share capital and treasury shares

### (a) Share capital

	Group and Company			
	2023		2022	
	Number of shares '000	\$'000	Number of shares '000	\$'000
<b>Issued and fully paid:</b>				
<b>Ordinary shares</b>				
At the beginning of the year	267,525	94,686	267,525	95,163
Reissuance of treasury shares pursuant to equity compensation plan	—	(218)	—	(477)
At the end of the year	267,525	94,468	267,525	94,686

The holders of ordinary shares are entitled to receive dividends as and when declared by the Company. All ordinary shares carry one vote per share without restrictions. The ordinary shares have no par value.

### (b) Treasury shares

	Group and Company			
	2023		2022	
	Number of shares '000	\$'000	Number of shares '000	\$'000
At the beginning of the year	(11,548)	(12,554)	(12,224)	(13,290)
Reissuance of treasury shares pursuant to equity compensation plan	330	360	676	736
At the end of the year	(11,218)	(12,194)	(11,548)	(12,554)

Treasury shares relate to ordinary shares of the Company which are held by the Company.

# NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2023

## 24 Other reserves

Other reserves of the Group and the Company comprise of the following balances:

	Group		Company	
	2023 \$'000	2022 \$'000	2023 \$'000	2022 \$'000
Share-based compensation reserve	265	159	265	159
Capital reserve	568	568	422	422
Merger reserve	534	534	—	—
Acquisition reserve	(11,931)	(11,931)	—	—
Revaluation reserve	477	477	—	—
Foreign currency translation reserve	(12,366)	(9,867)	—	—
	<u>(22,453)</u>	<u>(20,060)</u>	<u>687</u>	<u>581</u>

### Share-based compensation reserve

Share-based compensation reserve represents the equity-settled share awards granted to employees. The reserve is made up of the cumulative value of services received from employees recorded over the vesting period commencing from the grant of share awards, and is reduced by the expiry or exercise of the share awards.

### Capital reserve

Capital reserve represents the value of equity-settled share options previously granted by Life Corporation Limited to the Group's employees, prior to the distribution in specie of all of the issued share capital of Cordlife Group Limited to Life Corporation Limited's shareholders on 30 June 2011. Subsequent to the distribution, Cordlife Group Limited ceased to be a subsidiary of Life Corporation Limited.

The reserve is made up of the cumulative value of services received from employees recorded on grant of equity-settled share options.

### Merger reserve

Merger reserve represents the difference between the consideration paid/received and the equity interests acquired/disposed, accounted for using the pooling of interest method.

### Acquisition reserve

Acquisition reserve represents the excess of the consideration over the carrying value when the Group acquired non-controlling interests in its subsidiaries.

### Revaluation reserve

Revaluation reserve represents the revaluation adjustment of property, plant and equipment immediately before its reclassification as investment property.

### Foreign currency translation reserve

Foreign currency translation reserve represents the exchange differences arising from the translation of the financial statements of foreign subsidiaries whose functional currencies are different from that of the Group's presentation currency.

# NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2023

## 25 Commitments

### Capital commitments

The Group and the Company do not have capital commitments in respect of property, plant and equipment that are contracted for as at 31 December 2023 and 2022.

## 26 Leases

### Leases as lessee

The Group leases lab equipment, office equipment and office spaces under non-cancellable lease arrangements, which have remaining lease terms ranging from one month to five years (2022: three months to six years). The leases have nominal interest rates ranging from 2.3% to 16.5% (2022: 1.4% to 16.5%).

The Company leases lab equipment, office equipment and office spaces under non-cancellable lease arrangements, which have remaining lease terms ranging from one year to two years (2022: one year to three years). The leases have nominal interest rates ranging from 2.3% to 5.0% (2022: 1.4% to 2.4%).

There are no renewal options and contingent rent provisions included in the contracts. The Group and the Company are restricted from subleasing the premises.

Information about leases for which the Group and the Company are as lessees are presented below.

#### Right-of-use assets

Right-of-use assets related to leased properties that do not meet the definition of investment properties are presented as property, plant and equipment (see Note 11).

	Laboratory equipment \$'000	Office equipment \$'000	Buildings \$'000	Total \$'000
<b>Group</b>				
Balance at 1 January 2022	27	486	3,234	3,747
Balance at 31 December 2022	12	417	2,597	3,026
Additions to right-of-use assets	—	22	1,179	1,201
Depreciation charge for the year	(15)	(91)	(1,559)	(1,665)
Derecognition of right-of-use assets	—	—	(257)	(257)
Balance at 1 January 2023	12	417	2,597	3,026
Balance at 31 December 2023	—	327	3,842	4,169
Additions to right-of-use assets	—	—	3,057	3,057
Depreciation charge for the year	(12)	(90)	(1,812)	(1,914)
<b>Company</b>				
Balance at 1 January 2022	5	236	94	335
Balance at 31 December 2022	2	177	382	561
Additions to right-of-use assets	—	—	505	505
Depreciation charge for the year	(3)	(59)	(217)	(279)
Balance at 1 January 2023	2	177	382	561
Balance at 31 December 2023	—	118	684	802
Additions to right-of-use assets	—	—	658	658
Derecognition of right-of-use assets	(2)	(59)	(356)	(417)



# NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2023

## 26 Leases (cont'd)

### Leases as lessee (cont'd)

Amounts recognised in profit or loss

	Group	
	2023	2022
	\$'000	\$'000
Interest on lease liabilities	268	152
Expenses relating to short-term leases	438	522

Reconciliation of lease liabilities

	Group	
	2023	2022
	\$'000	\$'000
<b>At 1 January</b>	2,217	2,967
<i>Changes from financing cash flows</i>		
Payment of lease liabilities	(1,592)	(1,619)
Interest paid	(268)	(152)
<b>Total changes from financing cash flows</b>	(1,860)	(1,771)
<i>Other changes</i>		
New leases	3,057	1,201
Interest expense	268	152
Derecognition	–	(257)
Effects of exchange rate	(177)	(75)
<b>Total other changes</b>	3,148	1,021
<b>At 31 December</b>	<b>3,505</b>	<b>2,217</b>

### Leases as lessor

The Group has entered into commercial property leases on its investment properties. These non-cancellable leases have remaining lease terms up to 12 months (2022: up to 12 months). There are no renewal options and contingent rent provisions included in the contracts. The lessees are restricted from subleasing the premises. The Group has classified these leases as operating leases, because they do not transfer substantially all of the risks and rewards incidental to the ownership of the assets.

The following table sets out a maturity analysis of lease payments, showing the undiscounted lease payments to be received after the reporting date.

	Group	
	2023	2022
	\$'000	\$'000
Within one year	95	98

# NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2023

## 27 Investment in subsidiaries

	Company	
	2023 \$'000	2022 \$'000
Unquoted equity shares, at cost	92,083	92,083
Less: Impairment loss	(35,242)	(35,242)
	<u>56,841</u>	<u>56,841</u>

During the financial year ended 31 December 2022, the Group performed an assessment of the recoverable amount of its investment in Healthbaby Biotech (Hong Kong) Co., Limited, estimated using the VIU approach and determined the recoverable amount to be lower than the carrying amount. The VIU was determined by discounting the future cash flows generated and was based on approved budget and 5 years cash business projections. An impairment loss of \$5,779,000 was recognised in “Administrative expenses” line item in the Company’s statement of comprehensive income. The impairment loss was eliminated in the Group’s statement of comprehensive income. No impairment loss was recognised in 2023.

Name of Company	Principal activities	Country of incorporation	Percentage of equity held	
			2023 %	2022 %
<b>Held by the Company</b>				
Cordlife (Hong Kong) Limited <sup>1</sup>	Cord blood, cord lining and cord tissue banking and diagnostics services	Hong Kong	100	100
Cordlife Stem Cell Technology Limited <sup>9</sup>	Cord lining banking services	Hong Kong	100	100
Healthbaby Biotech (Hong Kong) Co., Limited <sup>1</sup>	Cord blood, cord lining and cord tissue banking services	Hong Kong	100	100
Cordlife Technologies Pte. Ltd. <sup>2</sup>	Cord lining banking and diagnostics services	Singapore	100	100
CS Cell Technologies Pte. Ltd. <sup>2</sup>	Investment holding	Singapore	100	100
Stemlife Berhad <sup>3</sup>	Cord blood banking services	Malaysia	99.03	99.03
Shanghai Cordlife Biomedical Research Co., Ltd <sup>4</sup>	Dormant	People’s Republic of China	100	100
<b>Held by CS Cell Technologies Pte Ltd</b>				
Cordlife Sciences (India) Pvt. Ltd. <sup>5</sup>	Cord blood, cord lining and cord tissue banking and diagnostics services	India	99.99	99.99
Cordlife Medical Phils., Inc <sup>6</sup>	Cord blood, cord lining and cord tissue banking and diagnostics services	Philippines	99.99	99.99
PT. Cordlife Persada <sup>7</sup>	Cord blood, cord lining and cord tissue banking and diagnostics services	Indonesia	67	67
CL Biotech Company Limited <sup>8</sup> (incorporated on 21 September 2023)	Consulting services, medical and pharmaceutical research and development services	Vietnam	100	–

# NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2023

## 27 Investment in subsidiaries (cont'd)

Name of Company	Principal activities	Country of incorporation	Percentage of equity held	
			2023 %	2022 %
<b>Held by Cordlife Stem Cell Technology Limited</b>				
Hong Kong Screening Centre Limited <sup>10</sup>	Dormant	Hong Kong	100	100
<b>Held by Stemlife Berhad</b>				
Stemlife Properties Sdn. Bhd. <sup>3</sup>	Property investment company	Malaysia	99.03	99.03
Stemlife Therapeutics Sdn. Bhd. <sup>3</sup>	Cord lining and cord tissue banking services	Malaysia	99.03	99.03
Stemlife Biotechnology Sdn. Bhd. <sup>3</sup>	Medical laboratory and diagnostics services and general medical screening tests	Malaysia	99.03	99.03
<b>Held by Healthbaby Biotech (Hong Kong) Co., Limited</b>				
Healthbaby Biotech (Macau) Co., Limited <sup>9</sup>	Provision of marketing services	Macau	99	99
<b>Held by Cordlife (Hong Kong) Limited</b>				
Healthbaby Biotech (Macau) Co., Limited <sup>9</sup>	Provision of marketing services	Macau	1	1

<sup>1</sup> Audited by KPMG, Hong Kong

<sup>2</sup> Audited by KPMG, Singapore

<sup>3</sup> Audited by KPMG, Kuala Lumpur

<sup>4</sup> Audited by Shanghai Xinyi Certified Public Accountants Co. Ltd

<sup>5</sup> Audited by D.K. Chhajer & Co.

<sup>6</sup> Audited by Reyes Tacandong & Co.

<sup>7</sup> Audited by Gani Sigiro & Handayani

<sup>8</sup> Audited by Asia Dragon Auditing and Appraisal Value Company Limited

<sup>9</sup> Audited by Keng Ou CPAs

<sup>10</sup> Audited by Li, Tang, Chen & Co.

# NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2023

## 28 Employee benefits expense

	Group	
	2023 \$'000	2022 \$'000
Salaries, bonuses and other short-term benefits	20,407	20,060
Defined contribution plans	1,354	1,365
Share-based compensation expense/(reversal) (Cordlife Share Grant Plan)	248	(113)
	22,009	21,312

These include the amounts shown as key management personnel compensation in Note 29.

### Cordlife Share Grant Plan

The Cordlife Share Grant Plan is a share-based long-term incentive plan for key senior management and employees of the Group (the "Plan") which was approved by shareholders at an Extraordinary General Meeting held on 18 October 2013 and was to continue to be in operation for a maximum period of 10 years. Accordingly, the Plan has expired on 17 October 2023.

The details of the plan are described below:

### Performance Share Award

Plan description	Award of fully-paid ordinary shares of the Company, conditional upon the satisfaction of specific performance targets set at the start of a one-year performance period based on medium-term Group and Company objectives.
Performance conditions	Average Return on Invested Capital and Absolute Shareholders' Return
Vesting conditions	Based on meeting stated performance conditions over a one-year performance period, 50% of award will vest. Balance will vest in the second year.
Payout	0%-100% depending on the achievement of pre-set performance targets over the performance period.

### Restricted Share Award

Plan description	Award of fully-paid ordinary shares of the Company, conditional upon the satisfaction of specific performance targets set at the start of a two-year performance period based on medium-term Group and Company objectives of retaining high potential talents ("HiPo").
Performance conditions	Sustained Performance Level ("PL") Rating 1 or 2 (out of 5) and continues to remain in HiPo talent pool.
Vesting conditions	Based on meeting stated performance conditions over a two-year performance period, 50% of award will vest. Balance will vest in the third year.
Payout	0%-100% depending on the achievement of pre-set PL Rating over the performance period.

# NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2023

## 28 Employee benefits expense (cont'd)

### Movement of share awards during the year

	Group	
	2023	2022
	No. of shares	
Outstanding at the beginning of the year	330,350	337,050
– Granted	–	722,800
– Awarded	(330,350)	(675,950)
– Cancelled	–	(53,550)
Outstanding at the end of the year	–	330,350

### Fair value of share awards granted

The fair value of services received in return for shares awarded is measured by reference to the fair value of shares granted each year under the Cordlife Share Grant Plan. The estimate of the services received is measured based on a Monte Carlo simulation model, which involves projection of future outcomes using statistical distribution of key random variables including share price and volatility of returns.

The following table lists the key inputs to the model used for the share awards:

	2022
Expected dividend yield (%)	2.09
Expected volatility (%)	53.20 - 71.48
Risk-free interest rate (%)	1.23 - 1.49
Expected term (years)	1 - 2
Share price at date of grant (\$)	0.40

Based on the Monte Carlo simulation model, the estimated fair value at the date of grant for each share granted under the Cordlife Share Grant Plan during the year ended 31 December 2022 was \$0.410 – \$0.430. There were no shares granted during the year ended 31 December 2023.

## 29 Related party transactions

Compensation of key management personnel:

	Group	
	2023	2022
	\$'000	\$'000
Salaries and bonuses	1,349	1,537
Defined contribution plans	62	97
Other short-term benefits	84	92
Share-based compensation/(reversal)	13	(2)
Directors' fees	540	540
	2,048	2,264
<i>Comprise amounts paid to:</i>		
Directors of the Company	1,077	1,077
Other key management personnel	971	1,187
	2,048	2,264

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# NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2023

## 30 Financial instruments

The Group has exposure to the following risks arising from financial instruments:

- Credit risk
- Liquidity risk
- Market risk

This note presents information about the Group's exposure to each of the above risks, the Group's objectives, policies and processes for measuring and managing risk, and the Group's management of capital.

### ***Risk management framework***

The Board of Directors has overall responsibility for the establishment and oversight of the Group's risk management framework. The Board has established the Audit and Risk Committee, which is responsible for developing and monitoring the Group's risk management policies. The committee reports regularly to the Board of Directors on its activities.

The Group's risk management policies are established to identify and analyse the risks faced by the Group, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Group's activities. The Group, through its training and standards and procedures, aims to develop a disciplined and constructive control environment in which all employees understand their roles and obligations.

The Audit and Risk Committee oversees how management monitors compliance with the Group's risk management policies and procedures, and reviews the adequacy of the risk management framework in relation to the risks faced by the Group. The Audit and Risk Committee is assisted in its oversight role by Internal Audit. Internal Audit undertakes both regular and ad hoc reviews of risk management controls and procedures, the results of which are reported to the Audit and Risk Committee.

### **(i) Credit risk**

Credit risk is the risk of financial loss to the Group if counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Group's receivables from customers.

The carrying amounts of financial assets and contract assets represent the Group and the Company's maximum exposures to credit risk, before taking into account any collateral held. The Group and the Company do not hold any collateral in respect of their financial assets.

### **Investments**

As at 31 December 2023, the Group has an RCN from CRC of \$4,627,000 classified as short-term investment (2022: \$4,562,000). Details are disclosed in Note 14 to the financial statements.

The Group has no investment in money market funds above \$2,000,000. The investments are placed with regulated financial institutions.

### **Trade receivables and contract assets**

The Group's exposure to credit risk is influenced mainly by the individual characteristics of each customer.

# NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2023

## 30 Financial instruments (cont'd)

### (i) Credit risk (cont'd)

#### Trade receivables and contract assets (cont'd)

##### *Exposure to credit risk*

The exposure to credit risk for trade receivables and contract assets at the reporting date by geographic region was as follows:

	Group		Company	
	2023 \$'000	2022 \$'000	2023 \$'000	2022 \$'000
Singapore	59,197	60,161	47,556	48,232
Hong Kong	681	687	—	—
India	1,290	2,046	—	—
Malaysia	3,326	2,840	—	—
Philippines	10,176	12,260	—	—
Indonesia	10,558	11,078	1,447	2,602
	<u>85,228</u>	<u>89,072</u>	<u>49,003</u>	<u>50,834</u>

There were no other significant concentrations of credit risk within the Group.

##### *Expected credit loss assessment for individual customers as at 31 December 2023 and 31 December 2022*

The Group uses an allowance matrix to measure the ECLs of trade receivables and contract assets from individual customers, which comprise a very large number of small balances.

The allowance is calculated by reference to credit losses expected to be incurred over the lifetime of the receivables. In estimating a loss allowance, management considers the assessment of the circumstances of and correspondences with individual customers and make specific provisions for customers accounts who fall under predefined categories. For customer accounts for which no specific provisions were made, the Company applies a general loss rate based on historical experience and informed credit assessment alongside other factors such as the current state of the economy and particular industry issues.

# NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2023

## 30 Financial instruments (cont'd)

### (i) Credit risk (cont'd)

#### Trade receivables and contract assets (cont'd)

*Expected credit loss assessment for individual customers as at 31 December 2023 and 31 December 2022 (cont'd)*

The following tables provide information about the exposure to credit risk and ECLs for trade receivables and contract assets for individual customers.

	Weighted average loss rate %	Gross carrying amount \$'000	Impairment loss allowance \$'000	Credit impaired
<b>Group</b>				
<b>31 December 2023</b>				
Non-credit impaired accounts - subject to general ECL rate	1.94	86,914	(1,686)	No
Credit-impaired accounts - individually determined	100	14,434	(14,434)	Yes
		101,348	(16,120)	
<b>31 December 2022</b>				
Non-credit impaired accounts - subject to general ECL rate	0.21	89,260	(188)	No
Credit-impaired accounts - individually determined	100	16,957	(16,957)	Yes
		106,217	(17,145)	
<b>Company</b>				
<b>31 December 2023</b>				
Non-credit impaired accounts - subject to general ECL rate	2.50	50,262	(1,259)	No
Credit-impaired accounts - individually determined	100	3,957	(3,957)	Yes
		54,219	(5,216)	
<b>31 December 2022</b>				
Non-credit impaired accounts - subject to general ECL rate	0.30	50,987	(153)	No
Credit-impaired accounts - individually determined	100	4,592	(4,592)	Yes
		55,579	(4,745)	



# NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2023

## 30 Financial instruments (cont'd)

### (i) Credit risk (cont'd)

#### Trade receivables and contract assets (cont'd)

*Movements in allowance for impairment in respect of trade receivables and contract assets*

The movement in the allowance for impairment in respect of trade receivables and contract assets during the year was as follows:

	Group		Company	
	2023 \$'000	2022 \$'000 (restated)	2023 \$'000	2022 \$'000 (restated)
At 1 January, as restated	17,145	17,112	4,745	4,661
Impairment loss recognised, net	294	589	1,564	84
Allowance utilised	(1,134)	(74)	(1,093)	—
Exchange differences	(185)	(482)	—	—
At 31 December	16,120	17,145	5,216	4,745

One of the inputs considered in the estimating of the loss allowance is the Group's historical experience with contract terminations arising from certain reasons including, amongst others, financial difficulties and non-payment ("termination inputs"). The Group had previously classified the loss allowance arising from termination inputs net against contract assets and trade receivables. During the financial year ended 31 December 2023, the impairment loss allowance arising from termination inputs has been reclassified from contracts assets and trade receivables to the impairment loss allowance for contract assets and trade receivables, to better reflect the total loss allowance for contract assets and trade receivables. As a result, the Group and the Company restated the total allowance for impairment in respect of trade receivables and contract assets for 31 December 2022 to \$17,145,000 and \$4,745,000 respectively.

#### Cash and cash equivalents and fixed deposits

The Group and the Company held cash and cash equivalents and fixed deposits of \$76,685,000 and \$13,238,000 respectively at 31 December 2023 (2022: \$73,476,000 and \$13,957,000 respectively). The cash and cash equivalents and fixed deposits are held with bank and financial institution counterparties, which are rated Baa3 to Aa1 (2022: Baa3 to Aa1), based on Moody's ratings.

Impairment on cash and cash equivalents and fixed deposits has been measured on the 12-month expected loss basis and reflects the short maturities of the exposures. The Group considers that its cash and cash equivalents and fixed deposits have low credit risk based on the external credit ratings of the counterparties. The amount of the allowance on cash and cash equivalents and fixed deposits was negligible.

#### Other receivables

The Group and the Company held other receivables of \$2,915,000 and \$503,000, respectively, at 31 December 2023 (2022: \$2,727,000 and \$502,000, respectively), carried at amortised cost. Impairment on other receivables has been measured on the 12-month expected loss basis and reflects the short maturities of the exposures. The Group considers that its other receivables have a low risk of default and a capacity to meet contractual cash flows. The amount of the allowance on other receivables was negligible.

# NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2023

## 30 Financial instruments (cont'd)

### (ii) Liquidity risk

Liquidity risk is the risk that the Group will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Group's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group's reputation.

The following are the contractual maturities of financial liabilities, including estimated interest payments and excluding the impact of netting agreements:

	Carrying amount \$'000	Contractual cash flows \$'000	Cash flows		
			Within 1 year \$'000	Within 2-5 years \$'000	Over 5 years \$'000
<b>Group</b>					
<b>31 December 2023</b>					
<b>Non-derivative financial liabilities</b>					
Trade and other payables <sup>(1)</sup>	10,490	(10,490)	(10,490)	—	—
Lease liabilities <sup>(2)</sup>	3,505	(3,920)	(1,983)	(1,937)	—
	13,995	(14,410)	(12,473)	(1,937)	—
<b>31 December 2022</b>					
<b>Non-derivative financial liabilities</b>					
Trade and other payables <sup>(1)</sup>	7,355	(7,355)	(7,355)	—	—
Lease liabilities <sup>(2)</sup>	2,217	(2,491)	(1,254)	(1,237)	—
	9,572	(9,846)	(8,609)	(1,237)	—
<b>Company</b>					
<b>31 December 2023</b>					
<b>Non-derivative financial liabilities</b>					
Trade and other payables <sup>(1)</sup>	4,684	(4,684)	(4,684)	—	—
Amounts owing to subsidiaries	15,882	(15,882)	(3,036)	(12,846)	—
Lease liabilities	797	(851)	(434)	(417)	—
	21,363	(21,417)	(8,154)	(13,263)	—

# NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2023

## 30 Financial instruments (cont'd)

### (ii) Liquidity risk (cont'd)

	Cash flows				
	Carrying amount \$'000	Contractual cash flows \$'000	Within 1 year \$'000	Within 2-5 years \$'000	Over 5 years \$'000
<b>Company</b>					
<b>31 December 2022</b>					
<b>Non-derivative financial liabilities</b>					
Trade and other payables <sup>(1)</sup>	1,656	(1,656)	(1,656)	—	—
Amounts owing to subsidiaries	17,185	(17,185)	(3,987)	(13,198)	—
Lease liabilities	523	(546)	(232)	(314)	—
	<u>19,364</u>	<u>(19,387)</u>	<u>(5,875)</u>	<u>(13,512)</u>	<u>—</u>

<sup>(1)</sup> Trade and other payables exclude GST payables and liability for employee benefits.

<sup>(2)</sup> Certain lease arrangements with remaining lease term of up to five years (2022: six years) (see Note 26) have been fully paid for.

### (iii) Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and equity prices will affect the Group's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return.

#### **Currency risk**

The Group is exposed to currency risk mainly arising from its cash and cash equivalents and fixed deposit denominated in USD as follows:

	Group	
	2023 \$'000	2022 \$'000
Cash at bank and on hand	73	48
Unpledged fixed deposits	2,191	2,147
	<u>2,264</u>	<u>2,195</u>

At the end of the reporting period, if USD/SGD strengthened/weakened by 5% (2022: 5%) with all other variables held constant, the Group's profit before tax would have been \$113,000 (2022: \$110,000) higher/lower, arising as a result of higher/lower revaluation gains on cash and cash equivalents and fixed deposit denominated in USD.

#### **Interest rate risk**

Interest rate risk is the risk that the fair value or future cash flows of the Group's financial instruments will fluctuate because of changes in market interest rates. The Group does not have significant exposure to interest rate risk as its fixed deposits of varying maturity periods are placed with reputable banks and financial institutions and generate interest income at a fixed rate during the tenure of the fixed deposits and are not subject to changes in interest rate.

# NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2023

## 30 Financial instruments (cont'd)

### Accounting classifications and fair values

The carrying amounts and fair values of financial assets and financial liabilities, including their levels in the fair value hierarchy are as follows. It does not include fair value information for financial assets and financial liabilities not measured at fair value if the carrying amount is a reasonable approximation of fair value.

	Carrying amount					Fair value			
	Mandatorily at FVTPL \$'000	Designated at fair value \$'000	Amortised cost \$'000	Other financial liabilities \$'000	Total \$'000	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000	Total \$'000
<b>Group</b>									
<b>31 December 2023</b>									
<b>Financial assets measured at fair value</b>									
Investments	1,228	4,627	—	—	5,855	—	1,228	4,627	5,855
<b>Financial assets not measured at fair value</b>									
Trade and other receivables <sup>^</sup>	—	—	25,587	—	25,587	—	—	—	—
Fixed deposits	—	—	58,262	—	58,262	—	—	58,092	58,092
Cash and cash equivalents	—	—	18,423	—	18,423	—	—	—	—
	—	—	102,272	—	102,272	—	—	—	—
<b>Financial liabilities not measured at fair value</b>									
Trade and other payables <sup>#</sup>	—	—	—	(10,490)	(10,490)	—	—	—	—
Lease liabilities	—	—	(3,505)	—	(3,505)	—	—	(3,497)	(3,497)
	—	—	(3,505)	(10,490)	(13,995)	—	—	—	—
<b>31 December 2022</b>									
<b>Financial assets measured at fair value</b>									
Investments	1,257	4,562	—	—	5,819	—	1,257	4,562	5,819
<b>Financial assets not measured at fair value</b>									
Trade and other receivables <sup>^</sup>	—	—	28,202	—	28,202	—	—	—	—
Fixed deposits	—	—	60,095	—	60,095	—	—	59,797	59,797
Cash and cash equivalents	—	—	13,381	—	13,381	—	—	—	—
	—	—	101,678	—	101,678	—	—	—	—
<b>Financial liabilities not measured at fair value</b>									
Trade and other payables <sup>#</sup>	—	—	—	(7,355)	(7,355)	—	—	—	—
Lease liabilities	—	—	(2,217)	—	(2,217)	—	—	(2,224)	(2,224)
	—	—	(2,217)	(7,355)	(9,572)	—	—	—	—

<sup>^</sup> Trade and other receivables exclude GST receivables

<sup>#</sup> Trade and other payables exclude GST payables and liability for employee benefits

# NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2023

## 30 Financial instruments (cont'd)

### Accounting classifications and fair values (cont'd)

	Carrying amount				Fair value			
	Designated at fair value \$'000	Amortised cost \$'000	Other financial liabilities \$'000	Total \$'000	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000	Total \$'000
<b>Company</b>								
<b>31 December 2023</b>								
<b>Financial assets measured at fair value</b>								
Investments	4,627	—	—	4,627	—	—	4,627	4,627
<b>Financial assets not measured at fair value</b>								
Trade and other receivables <sup>^</sup>	—	10,718	—	10,718				
Fixed deposits	—	6,111	—	6,111				
Cash and cash equivalents	—	7,127	—	7,127				
Amounts owing by subsidiaries	—	25,349	—	25,349				
	—	49,305	—	49,305				
<b>Financial liabilities not measured at fair value</b>								
Trade and other payables <sup>#</sup>	—	—	(4,684)	(4,684)				
Amounts owing to subsidiaries	—	—	(15,882)	(15,882)				
Lease liabilities	—	(797)	—	(797)	—	—	(796)	(796)
	—	(797)	(20,566)	(21,363)				
<b>31 December 2022</b>								
<b>Financial assets measured at fair value</b>								
Investments	4,562	—	—	4,562	—	—	4,562	4,562
<b>Financial assets not measured at fair value</b>								
Trade and other receivables <sup>^</sup>	—	11,699	—	11,699				
Fixed deposits	—	10,075	—	10,075				
Cash and cash equivalents	—	3,882	—	3,882				
Amounts owing by subsidiaries	—	24,358	—	24,358				
	—	50,014	—	50,014				
<b>Financial liabilities not measured at fair value</b>								
Trade and other payables <sup>#</sup>	—	—	(1,656)	(1,656)				
Amounts owing to subsidiaries	—	—	(17,185)	(17,185)				
Lease liabilities	—	(523)	—	(523)	—	—	(527)	(527)
	—	(523)	(18,841)	(19,364)				

<sup>^</sup> Trade and other receivables exclude GST receivables

<sup>#</sup> Trade and other payables exclude GST payables and liability for employee benefits

# NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2023

## 31 Fair value of assets and liabilities

### (a) Fair value hierarchy

The Group classifies fair value measurement using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy has the following levels:

- Level 1 – quoted prices (unadjusted) in active markets for identical assets or liabilities,
- Level 2 – inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices), and
- Level 3 – inputs for the asset or liability that are not based on observable market data (unobservable inputs).

### (b) Valuation techniques

The Group holds short-term investments in money market funds measured at Level 2 fair values. The fair values were calculated using the net asset value of the money market funds, on the basis that their net asset values approximate their fair values at the reporting date.

The Group and Company's investments at FVTPL is measured at Level 3 fair values. The fair values were calculated by including interest receivables to the amortised cost at the reporting date.

The following table shows a reconciliation from the opening balances to the ending balances for the Level 3 fair values:

	Group and Company Investments – at FVTPL	
	2023	2022
	\$'000	\$'000
At 1 January	4,562	4,357
Interest received	(373)	(183)
Total unrealised gain/(loss) recognised in profit or loss		
– Interest income	468	360
– Net change in fair value of FVTPL	(30)	28
At 31 December	<u>4,627</u>	<u>4,562</u>

## 32 Segment reporting

For management reporting purposes, the Group monitors the performance of the business units based on their products and services and has two reportable segments as follows:

- The banking segment comprises the collection, processing and banking of biological materials.
- The diagnostics segment comprises diagnostics testing services.

The following items and associated assets and liabilities are not allocated to operating segments as they are not considered part of the core operations of any segment:

- Tax expense that is managed on a group basis.
- Subsidiaries not offering services under the banking and diagnostics segments.

No operating segments have been aggregated to form the above reportable operating segments.

# NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2023

## 32 Segment reporting (cont'd)

### Segment revenue

	Banking \$'000	Diagnostics \$'000	Total \$'000
<b>Year ended 31 December 2023</b>			
Revenue from external customers	51,284	4,446	55,730
Total consolidated revenue			<u>55,730</u>
<b>Year ended 31 December 2022</b>			
Revenue from external customers	50,835	4,321	55,156
Total consolidated revenue			<u>55,156</u>
<b>Segment results</b>			
<b>Year ended 31 December 2023</b>			
Finance income	3,420	—	3,420
Finance costs	(268)	—	(268)
Depreciation and amortisation	(3,993)	(37)	(4,030)
Segment profit	1,893	850	2,743
Fair value gain on investment properties			252
Share of profit of associate, net of tax			1,263
Profit before income tax			4,258
Tax expense			(692)
Profit for the year			<u>3,566</u>
<b>Year ended 31 December 2022</b>			
Finance income	2,687	—	2,687
Finance costs	(152)	—	(152)
Depreciation and amortisation	(3,678)	(5)	(3,683)
Segment profit	3,484	764	4,248
Fair value gain on investment properties			537
Share of profit of associate, net of tax			718
Profit before income tax			5,503
Tax expense			(617)
Profit for the year			<u>4,886</u>

# NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2023

## 32 Segment reporting (cont'd)

### Segment assets and liabilities

	Banking \$'000	Diagnostics \$'000	Others* \$'000	Total \$'000
<b>31 December 2023</b>				
Additions to non-current assets, comprising additions to property, plant and equipment and intangible assets	5,692	196	—	5,888
Segment assets	263,118	7,355	850	271,323
Investment in associate				2,218
Investment properties				4,736
Eliminations <sup>+</sup>				(49,821)
Per consolidated financial statements				228,739
Segment liabilities	123,905	2,044	12,441	138,390
Tax payables				500
Deferred tax liabilities				3,730
Eliminations <sup>+</sup>				(49,815)
Per consolidated financial statements				92,805
<b>31 December 2022</b>				
Additions to non-current assets, comprising additions to property, plant and equipment and intangible assets	3,571	26	—	3,597
Segment assets	266,521	4,937	807	272,265
Investment in associate				1,513
Investment properties				4,618
Eliminations <sup>+</sup>				(50,401)
Per consolidated financial statements				227,995
Segment liabilities	125,559	1,333	12,358	139,250
Tax payables				699
Deferred tax liabilities				3,959
Eliminations <sup>+</sup>				(50,241)
Per consolidated financial statements				93,667

<sup>+</sup> Inter-segment balances are eliminated on consolidation.

\* Others refer to the assets and liabilities of subsidiaries not offering services under the banking and diagnostics segments.



# NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2023

## 32 Segment reporting (cont'd)

### Geographical information

	Revenue		Non-current assets	
	2023 \$'000	2022 \$'000	2023 \$'000	2022 \$'000
Singapore	24,597	23,529	9,670	8,856
Hong Kong	8,735	7,322	22,974	21,807
India	6,342	8,365	13,011	9,255
Malaysia	3,517	3,746	12,839	13,168
Philippines	6,523	5,967	857	653
Others	6,016	6,227	1,853	2,008
	<u>55,730</u>	<u>55,156</u>	<u>61,204</u>	<u>55,747</u>

Non-current assets information presented exclude financial instruments (other than equity-accounted investees) and deferred tax assets.

## 33 Dividends

The following exempt (one-tier) dividend was declared and paid by the Group and Company.

	Group and Company 2022 \$'000
<i><b>Paid by the Company to owners of the Company</b></i>	
<i>Dividends on ordinary shares:</i>	
Final tax exempt (one-tier) dividend for 31 December 2021: 0.9 cents per share	<u>2,304</u>

## 34 Capital management

Capital comprises equity attributable to owners of the Company.

The primary objective of the Group's capital management is to ensure that it maintains an appropriate capital structure in order to support its business and maximise shareholder value.

The Group manages its capital structure and makes adjustments to it, in the light of changes in economic conditions. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. The Group is not subject to any externally imposed capital requirements. No changes were made in the objectives, policies or processes during the year ended 31 December 2023 and 2022.

The Group is currently in a net cash position.

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# NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2023

## 35 Contingent liabilities

Due to uncertainty of the investigations and the outcome of the Additional Testing of Low-Risk Tanks as announced by the Company in the Testing Update Announcement, the Company is at present unable to assess the financial impact of the temperature excursions on the Low-Risk Tanks and/or the investigations on the Company for the financial year ending 31 December 2024.

## 36 Subsequent events

### Investigations by the Commercial Affairs Department

On 22 March 2024, the Company announced that the Company received a notice dated 19 March 2024 (“Notice”) from the Commercial Affairs Department (“CAD”) and the Monetary Authority of Singapore (“MAS”) pursuant to Section 20 of the Criminal Procedure Code 2010 of Singapore, requiring the provision of certain documents and information in connection with investigations by the CAD into an offence under the Securities and Futures Act 2001 of Singapore (the “Investigations”). The offence is in connection with the potential breaches of the disclosure obligations of the Company in relation to the irregular temperatures of a certain cryogenic storage tank of the Company, which was first disclosed by the Company in its announcement dated 30 November 2023.

The Company was also informed by several Directors and former Director that they have attended interviews at the offices of the CAD and have been arrested in connection with the Investigations and released on bail. The directors who are not currently based in Singapore are also required, under a notice to the Company pursuant to Section 21 of the Criminal Procedure Code 2010 of Singapore dated 19 March 2024, to attend at the offices of the CAD for an interview in connection with the Investigations on 2 April 2024.

On 27 March 2024, the Company announced that the Chief Financial Officer has attended interviews at the offices of the CAD and has been arrested in connection with the Investigations and released on bail. The Company also announced on 5 April 2024 that it had received the following updates from the relevant Directors:

- i. Mr Wong had informed the CAD that he was unable to attend his interview due to health reasons, and is uncertain on the next interview date pending the CAD’s agreement;
- ii. Mr Zhai and Ms Chen have obtained the CAD’s agreement to postpone their interviews with the CAD to 21 May 2024; and
- iii. Mr Yiu has attended his interview at the offices of the CAD, and has been arrested in connection with the Investigations and released on bail. The Company understands that the offence is similarly in connection with potential breaches of the disclosure obligations of the Company in relation to the irregular temperatures of a certain cryogenic storage tank of the Company.

### Update on Testing Results for Tanks under Investigation

On 8 April 2024, the Company released the Testing Update Announcement after the initial round of testing of the six cryogenic storage tanks and one dry shipper. Further details on the Testing Update Announcement is included in Note 2.1. In relation to the Refund/Waiver for High-Risk Tanks, the Company has estimated that the refund and waiver of annual fees for all affected active clients in the High-Risk Tanks would result in a decrease in revenue and profit before tax of approximately \$9.2 million for the financial year ending 31 December 2024.

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# NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2023

## 36 Subsequent events (cont'd)

### Lodgement of Police Report

On 17 April 2024, the Board of Directors of the Company, excluding Mr Zhai Lingyun and Ms Chen Xiaoling, had lodged a police report in relation to the suspected involvement of mostly former employees of the Group in potential wrongdoings (the "Police Report") in connection with the exposure of Tank A (as defined in Note 2.1) to temperatures outside of its normal temperature range, which resulted in MOH expert panel determining that the CBUs in Tank A were unlikely to be suitable for stem cell transplant purposes (the "Tank A Incident").

Following the Tank A Incident, the Board of Directors had convened a Committee of Inquiry ("COI"), comprising certain Directors of the Company, to conduct further internal investigations into the Tank A Incident, as part of its efforts to investigate how the Tank A Incident had occurred and to prevent similar occurrences in the future.

The Police Report was lodged as the COI is of the view that it has uncovered preliminary evidence of potential wrongdoings involving mostly former employees of the Group in connection with the Tank A Incident, based on the preliminary findings of internal investigations conducted by an external consultant engaged by the COI (which are still ongoing) and the information available.

### Proposed Placement and Interim Injunction in relation to Proposed Placement

On 16 April 2024, the Company entered into two separate subscription agreements (the "Subscription Agreements") with each of the Subscribers (as defined below) pursuant to which two persons, Charming Global Enterprises Limited and Ng Junwei, Darren (the "Subscribers") have agreed to subscribe for an aggregate of up to 51,195,478 new ordinary shares in the capital of the Company ("Subscription Shares" and each a "Subscription Share") at an issue price of \$0.16 for an aggregate cash consideration of \$8,191,276 ("Proposed Subscription").

The Proposed Subscription will allow the Company to strengthen its financial position by raising net cash proceeds (after deducting estimated expenses of approximately \$150,000) of approximately \$8,041,276 ("Net Proceeds"). The Company intends to utilise the Net Proceeds for working capital purposes, rebuilding of Singapore Brand and as cash reserve for contingency.

Under the Subscription Agreements, the Proposed Subscription is conditional upon, *inter alia*:

- a. the receipt of the listing and quotation notice from the SGX-ST (and such notice not having been withdrawn or revoked on or prior to the completion of the Proposed Subscription) for the dealing in, listing of and quotation for the Subscription Shares on the Mainboard of the SGX-ST;
- b. the allotment, issue and subscription of the Subscription Shares not being prohibited by any statute, order, rule, regulation or directive promulgated or issued after the date of the Subscription Agreement by any legislative, executive or regulatory body or authority of Singapore which is applicable to the Company or the Subscriber;
- c. the trading of the Shares on the Mainboard of the SGX-ST not being suspended by the SGX-ST (other than a suspension on a temporary basis requested by the Company); and
- d. the Shares remaining listed on the Mainboard of the SGX-ST.

# NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2023

## 36 Subsequent events (cont'd)

### Proposed Placement and Interim Injunction in relation to Proposed Placement (cont'd)

On 19 April 2024, the Company had been informed by Rajah & Tann Singapore LLP (“Rajah & Tann”), solicitors for Nanjing Xinjiekou Department Store Co., Ltd. (a controlling shareholder<sup>1</sup> of the Company), Zhai Lingyun (Non-Independent Non-Executive Director) (“Mr Zhai”) and Chen Xiaoling (Non-Independent Non-Executive Director) (“Ms Chen”) (collectively, the “Claimants”), that the Claimants have filed an application (the “Application”) before the High Court of Singapore (the “High Court”) against the Company, Dr Ho Choon Hou (Acting Chairman and Non-Independent Non-Executive Director), Yeo Hwee Tiong (Independent Director), Cheong Tuck Yan Titus Jim (Independent Director), Yiu Ming Yiu (Non-Independent Non-Executive Director), Chow Wai Leong (Non-Independent Non-Executive Director) and Ivan Yiu Pang Fai (Group Chief Executive Officer) (collectively, the “Defendants”) for the following orders:

- a. Pursuant to section 409A(1) of the Companies Act 1967 (the “Act”), the Claimants be granted an injunction restraining the Defendants from proposing to engage or engaging in conduct constituting a contravention of section 157 of the Act, including issuing or allotting, and/or assisting to issue or allot any ordinary shares in the Company pursuant to the Subscription Agreements (the “Private Placement”);
- b. Further and/or in the alternative, that pursuant to section 216A of the Act, the Claimants be granted leave to commence proceedings in the name and on behalf of the Company against the Defendants, for breaches of their respective duties to the Company (the “s216A Application”);
- c. In the event the s216A Application is granted, that the Claimants be granted an injunction restraining the Defendants from proposing to engage or engaging in the Private Placement; and
- d. In the event that any proceedings for negligence, default, breach of duty or breach of trust is brought against Mr Zhai and Ms Chen in respect of their capacity as Directors of the Company, the Claimants be granted a declaration that Mr Zhai and Ms Chen have acted honestly and reasonably and ought to be excused for such negligence, default, breach of duty or breach of trust pursuant to section 391 of the Act.

The Company had also been informed by Rajah & Tann on 19 April 2024 that pending the hearing of the Application, the Claimants had filed an application, to seek an interim injunction restraining the Defendants from proposing to engage or engaging in conduct constituting a contravention of section 157 of the Act, including the Private Placement (the “Interim Injunction”). The High Court has granted the Interim Injunction on 19 April 2024.

The Company is currently seeking legal advice in relation to the Application and the Interim Injunction.

<sup>1</sup> As defined under Listing Manual of the SGX-ST.

## 37 Comparative information

Certain changes have been made to the comparative information in the consolidated statement of cash flows as follows:

	2022 As previously reported \$'000	Effects of reclassification \$'000	2022 Restated \$'000
<b>Cash flows from operating activities</b>			
Changes in:			
Lease liabilities	(1,771)	1,771	—
<b>Cash flows from financing activities</b>			
Payment of lease liabilities	—	(1,619)	(1,619)
Interest paid	—	(152)	(152)

The above changes impact classification of cash flows only. There is no other impact to the Group’s financial statements.

# STATISTICS OF SHAREHOLDINGS

As at 18 April 2024

Class of equity securities	:	Ordinary Shares
Number of equity securities	:	256,307,744 ordinary shares (excluding treasury shares)
Voting rights	:	one vote per share
Number of treasury shares	:	11,217,610 ordinary shares

## STATISTICS OF SHAREHOLDERS

Size of Holdings	No. of Shareholders	%	No. of Shares	%
1 - 99	20	1.30	576	0.00
100 - 1,000	152	9.92	103,654	0.04
1,001 - 10,000	915	59.73	5,123,533	2.00
10,001 - 1,000,000	434	28.33	24,032,072	9.38
1,000,001 and above	11	0.72	227,047,909	88.58
	1,532	100.00	256,307,744	100.00

## SUBSTANTIAL SHAREHOLDERS

(As recorded in the Register of Substantial Shareholders)

Substantial Shareholders	Direct		Deemed	
	Number of Shares	% of total issued Shares <sup>(1)</sup>	Number of Shares	% of total issued Shares <sup>(1)</sup>
China Stem Cells (East) Company Limited	25,516,666	9.96	—	—
China Stem Cells Holdings Limited	—	—	25,516,666 <sup>(2)</sup>	9.96
China Cord Blood Services Corporation	—	—	25,516,666 <sup>(3)</sup>	9.96
Global Cord Blood Corporation	—	—	25,516,666 <sup>(4)</sup>	9.96
Blue Ocean Structure Investment Company Ltd (BVI)	—	—	25,516,666 <sup>(5)</sup>	9.96
Blue Ocean Creation Investment Hong Kong Limited	—	—	25,516,666 <sup>(6)</sup>	9.96
Shanghai Blue Ocean Ke Rui Financial Information Service Partnership	—	—	25,516,666 <sup>(7)</sup>	9.96
Nanjing Ying Peng Hui Kang Medical Industry Investment Partnership (Limited Partnership)	—	—	25,516,666 <sup>(8)</sup>	9.96
Nanjing Ying Peng Asset Management Limited	—	—	25,516,666 <sup>(9)</sup>	9.96
Sanpower Group Nanjing Investment Management Limited	—	—	25,516,666 <sup>(10)</sup>	9.96
Nanjing Xinjiekou Department Store Co., Ltd.	51,870,000	20.24	—	—
Sanpower Group Corporation	—	—	77,386,666 <sup>(11)</sup>	30.19
Yuan Yafei	—	—	77,386,666 <sup>(12)</sup>	30.19
TransGlobal Real Estate Group Limited	71,460,300	—	—	—
Lui Yim Sheung	—	—	71,460,300 <sup>(13)</sup>	27.88

# STATISTICS OF SHAREHOLDINGS

As at 18 April 2024

Substantial Shareholders	Direct		Deemed	
	Number of Shares	% of total issued Shares <sup>(1)</sup>	Number of Shares	% of total issued Shares <sup>(1)</sup>
Yiu Chi Shing	—	—	71,460,300 <sup>(13)</sup>	27.88
Jiaxing Huiling No. 3 Investment Partnership (Limited Partnership)	—	—	15,920,000 <sup>(14)</sup>	6.21
Minsheng (Shanghai) Asset Management Co., Ltd.	—	—	15,920,000 <sup>(15)</sup>	6.21
China Minsheng Investment Cop., Ltd	—	—	15,920,000 <sup>(16)</sup>	6.21
Jiaxing Huiling Capital Management Co., Ltd	—	—	15,920,000 <sup>(17)</sup>	6.21
CMI Capital Co., Ltd	—	—	15,920,000 <sup>(18)</sup>	6.21
Vcanland Holding Group Company Limited	—	—	18,133,000 <sup>(19)</sup>	7.07
Li Defu	—	—	18,133,000 <sup>(20)</sup>	7.07
Cedar Tree Investment Ltd	—	—	12,800,000 <sup>(21)</sup>	4.99
Chen Yi Dan	—	—	12,800,000 <sup>(22)</sup>	4.99
Margot MacInnis (as Joint Provisional Liquidator of GCBC)	—	—	25,516,666 <sup>(23)</sup>	9.96
John Royle (as Joint Provisional Liquidator of GCBC)	—	—	25,516,666 <sup>(23)</sup>	9.96
Chow Tsz Nga Georgia (as Joint Provisional Liquidator of GCBC)	—	—	25,516,666 <sup>(23)</sup>	9.96

## Notes:

- (1) As a percentage of the issued share capital of the Company (excluding the 11,217,610 Shares held as treasury shares), comprising 256,307,744 Shares as at the Latest Practicable Date.
- (2) Based on the Form 3 (Notification Form for Substantial Shareholder(s)/Unitholder(s) in respect of Interests in Securities) ("Form 3") received by the Company on 6 September 2017, China Stem Cells Holdings Limited ("CSCHL") is the sole shareholder of China Stem Cells (East) Company Limited ("CSCECL") and is therefore deemed to be interested in the Shares held by CSCECL by virtue of Section 4 of the SFA.
- (3) Based on the Form 3 received by the Company on 6 September 2017, China Cord Blood Services Corporation ("CCBSC") is the sole shareholder of CSCHL and is therefore deemed to be interested in the Shares held by CSCECL by virtue of Section 4 of the SFA.
- (4) Based on the Form 3 received by the Company on 6 September 2017, Global Cord Blood Corporation ("GCBC") is the sole shareholder of CCBSC and is therefore deemed to be interested in the Shares held by CSCECL by virtue of Section 4 of the SFA.
- (5) Based on the Form 3 received by the Company on 31 January 2018, Blue Ocean Structure Investment Company Ltd (BVI) ("BOSICL") holds 65.40% of the issued and outstanding share capital of GCBC and is therefore deemed to be interested in the Shares held by CSCECL by virtue of Section 4 of the SFA.
- (6) Based on the Form 3 received by the Company on 31 January 2018, Blue Ocean Creation Investment Hong Kong Limited ("BOCIHKL") is the sole shareholder of BOSICL and is therefore deemed to be interested in the Shares held by CSCECL by virtue of Section 4 of the SFA.
- (7) Based on the Form 3 received by the Company on 31 January 2018, Shanghai Blue Ocean Ke Rui Financial Information Service Partnership ("SBOKRFISP") is the sole shareholder of BOCIHKL and is therefore deemed to be interested in the Shares held by CSCECL by virtue of Section 4 of the SFA.
- (8) Based on the Form 3 received by the Company on 31 January 2018, Nanjing Ying Peng Hui Kang Medical Industry Investment Partnership (Limited Partnership) ("NYPHKMIIP") is the limited partner of SBOKRFISP and is therefore deemed to be interested in the Shares held by CSCECL by virtue of Section 4 of the SFA.

# STATISTICS OF SHAREHOLDINGS

As at 18 April 2024

- (9) Based on the Form 3 received by the Company on 31 January 2018, Nanjing Ying Peng Asset Management Limited (“NYPAML”) is the general partner of SBOKRFISP. NYPAML is also general partner of NYPHKMIIP. NYPAML is therefore deemed to be interested in the Shares held by CSCECL by virtue of Section 4 of the SFA.
- (10) Based on the Form 3 received by the Company on 31 January 2018, Sanpower Group Nanjing Investment Management Limited (“SGNIML”) is the sole shareholder of NYPAML and is therefore deemed to be interested in the Shares held by CSCECL by virtue of Section 4 of the SFA.
- (11) Based on the Form 3 received by the Company on 31 January 2018, Sanpower Group Corporation (“SPC”) is the sole shareholder of SGNIML and holds 27.32% equity interest in Nanjing Xinjiekou Department Store Co., Ltd. (“NXDSCL”). SPC is therefore deemed to be interested in the Shares held by CSCECL and NXDSCL by virtue of Section 4 of the SFA.
- (12) Based on the Form 3 received by the Company on 31 January 2018, Yuan Yafei holds 97.5% equity interest in SPC and is therefore deemed to be interested in the Shares held by CSCECL and NXDSCL by virtue of Section 4 of the SFA.
- (13) Based on the Form 3 received by the Company on 10 November 2021, Lui Yim Sheung and Yiu Chi Shing each holds 50% of the voting rights of TransGlobal Real Estate Group Limited (“TREG”). Lui Yim Sheung and Yiu Chi Shing are therefore deemed to have an interest in the Shares held by TREG by virtue of Section 4 of the SFA.
- (14) Based on the Form 3 received by the Company on 16 September 2015 (the “RPL Form 3”), Jiaxing Huiling No. 3 Investment Partnership (Limited Partnership) (“JX No.3”) is the sole shareholder of Shanghai Dunheng Capital Management Co., Ltd (“SDCMCL”) and is therefore deemed to be interested in the Shares held by Robust Plan Limited (“RPL”) by virtue of Section 4 of the SFA.

Based on the Form 3 received by the Company on 24 January 2024, RPL has ceased to be a substantial shareholder of the Company, and as SDCMCL is the sole shareholder of RPL, it is therefore deemed to have ceased to be a substantial shareholder of the Company.

- (15) Based on the RPL Form 3, Minsheng (Shanghai) Asset Management Co., Ltd. (“MSAMCL”) holds 99.95% equity interest in JX No.3 and is therefore deemed to be interested in the Shares held by RPL by virtue of Section 4 of the SFA. Based on the Form 3 received by the Company on 24 January 2024, RPL has ceased to be substantial shareholder of the Company.
- (16) Based on the RPL Form 3, China Minsheng Investment Corp., Ltd (“CMICL”) is the sole shareholder of MSAMCL and is therefore deemed to be interested in the Shares held by RPL by virtue of Section 4 of the SFA. Based on the Form 3 received by the Company on 24 January 2024, RPL has ceased to be a substantial shareholder of the Company.
- (17) Based on the RPL Form 3, Jiaxing Huiling Capital Management Co., Ltd (“JHCMCL”) holds 0.05% equity interest in JX No.3 and is therefore deemed to be interested in the Shares held by RPL by virtue of Section 4 of the SFA. Based on the Form 3 received by the Company on 24 January 2024, RPL has ceased to be a substantial shareholder of the Company.
- (18) Based on the RPL Form 3, CMI Capital Co., Ltd is the sole shareholder of JHCMCL and is therefore deemed to be interested in the Shares held by RPL by virtue of Section 4 of the SFA. Based on the Form 3 received by the Company on 24 January 2024, RPL has ceased to be a substantial shareholder of the Company.
- (19) Based on the Form 3 received by the Company on 24 December 2015, Vcanland Holding Group Company Limited (“VHGCL”) is deemed interested in the Shares held by RPL pursuant to the sale and purchase agreement dated 23 December 2015 entered into with JX No.3 and Jiaxing Huiling Investment Management Co., Ltd for the acquisition of all the shares in the capital of SDCMCL. The completion under the sale and purchase agreement is subject to the satisfaction of several conditions precedents. Based on the Form 3 received by the Company on 24 January 2024, RPL has ceased to be substantial shareholder of the Company, and as SDCMCL is the sole shareholder of RPL, it is therefore deemed to have ceased to be a substantial shareholder of the Company.
- (20) Based on the Form 3 received by the Company on 24 December 2015, Li Defu is the shareholder of VHGCL and is therefore deemed to be interested in the Shares held by RPL by virtue of Section 4 of the SFA. Based on the Form 3 received by the Company on 24 January 2024, RPL has ceased to be a substantial shareholder of the Company.
- (21) Based on the Form 3 received by the Company on 18 March 2022, Cedar Tree Investment Ltd (“CTIL”) is deemed interested in the Shares held by Ally Honour Trading (HK) Limited (“AHTL”) pursuant to a sale and purchase agreement dated 18 March 2022, where Zhao Guanglei sold his 100% equity interest in AHTL to CTIL. Therefore upon completion of the said sale and purchase agreement on the same date, CTIL is deemed to have an interest in the 12,800,000 Shares held by AHTL by virtue of Section 4 of the SFA.
- (22) Based on the Form 3 received by the Company on 18 March 2022, Chen Yi Dan is the sole shareholder of CTIL and is therefore deemed to be interested in the Shares held by AHTL by virtue of Section 4 of the SFA.
- (23) Based on the Form 3 received by the Company on 19 October 2022, Margot MacInnis, John Royle and Chow Tsz Nga Georgia were appointed Joint Provisional Liquidators of GCBC on 22 September 2022. As such, they are deemed interested in the Shares indirectly held by GCBC, pursuant to Section 4 of the SFA, as they now have the authority to dispose of, or to exercise control over the disposal of the Shares indirectly held by GCBC.

# STATISTICS OF SHAREHOLDINGS

As at 18 April 2024

## TWENTY LARGEST SHAREHOLDERS

No.	Name	No. of Shares	%
1	PHILLIP SECURITIES PTE LTD	152,681,426	59.57
2	RAFFLES NOMINEES (PTE) LIMITED	27,262,328	10.64
3	ALLY HONOUR TRADING (HK) LIMITED	12,800,000	4.99
4	DBS NOMINEES PTE LTD	12,192,003	4.76
5	MAYBANK SECURITIES PTE. LTD.	9,657,260	3.77
6	COOP INTERNATIONAL PTE LTD	3,107,000	1.21
7	CITIBANK NOMINEES SINGAPORE PTE LTD	2,705,240	1.06
8	TANTALUM CELLULAR PRODUCTS LLC	2,566,972	1.00
9	MOOMOO FINANCIAL SINGAPORE PTE. LTD.	1,710,000	0.67
10	HENRY NGO	1,200,000	0.47
11	TAN POH LAN	1,165,680	0.45
12	OCBC SECURITIES PRIVATE LTD	912,900	0.36
13	THET HNIN YI	866,920	0.34
14	UNITED OVERSEAS BANK NOMINEES PTE LTD	829,750	0.32
15	ALLSLAND PTE LTD	809,800	0.32
16	OCBC NOMINEES SINGAPORE PTE LTD	590,000	0.23
17	LEE IN CHUN	487,200	0.19
18	UOB KAY HIAN PTE LTD	403,000	0.16
19	TAN BOON KIT JESSE (CHEN WENJIE)	400,000	0.16
20	LEE MEI SUAN (LI MEISHAN)	369,100	0.14
	<b>TOTAL</b>	<b>232,716,579</b>	<b>90.81</b>

## FREE FLOAT [Rule 1207(9) of the Listing Manual]

As at 18 April 2024, approximately 35.92% of the shareholding in the Company was held in the hands of the public (based on the information available to the Company and computed based on the number of shares directly held in the Company). Accordingly, the Company has complied with Rule 723 of the Listing Manual.





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