

**REPLY TO SGX-ST QUERY
ON THE UNAUDITED FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 MARCH 2017**

The Board of Directors (the "**Board**") of Cordlife Group Limited (the "**Company**") and together with its subsidiaries, the "**Group**") refers to the query (the "**SGX-ST Query**") raised by the Singapore Exchange Securities Trading Limited ("**SGX-ST**") on 29 May 2017 regarding the Company's unaudited financial statements (the "**3Q2017 Results**") for the period ended 31 March 2017 ("**3Q2017**") and wishes to respond to the SGX-ST Query as follows:

SGX-ST Query

In the Company's 3Q2017 Results, we note that current trade receivables increased to S\$22.77 million as at 31 March 2017 when revenue fell 5% to S\$14.2 million for 3Q2017. Please elaborate on the reason for the significant amount of trade receivables and whether the Company has difficulties collecting its trade debts.

Response to SGX-ST Query

The term of the contracts with the Group's customers is a period of 18 or 21 years. Depending on the relevant jurisdiction, customers may choose to make payment through one of the following payment structures according to the terms of the service agreement (the "**Agreement**"):

- (a) a one-time lump sum payment payable within a credit period, the length of which varies depending on the relevant jurisdiction (the "**Lump Sum Payment Plan**");
- (b) an upfront amount upon signing of the Agreement with subsequent yearly instalments over a 18-year or 21-year period;
- (c) monthly instalments over a period of 12, 24, 36 or 48 months beginning on the date of the Agreement (the "**Instalment Payment Plan**"); or
- (d) a first payment made at the time of signing of the Agreement, followed by the payment of a fixed sum made at every anniversary of the baby's birth date between the 11th and the 20th anniversaries of the baby's birth date.

A larger proportion of new customers opted for the Instalment Payment Plan as at 31 March 2017 as compared to 31 March 2016, which partly contributed to the increase in current trade receivables. Current trade receivables attributable to the Instalment Payment Plan include balances which are not due but receivable within the next 12 months. The increase in current trade receivables was also due to the increase in the number of new customers who opted for the Lump Sum Payment Plan, of which the full price under the Lump Sum Payment Plan is fully recognised as current trade receivables until payment is made.

There is also a time gap between recognition of trade receivables and recognition of revenue. Trade receivables are recognised upon customers entering into the Agreements and in accordance with the terms of the payment plan in the Agreement. However, revenue is recognised upon the completion of

the processing of cord blood or cord lining units which are collected at the point of the delivery of the child and subsequently, at the yearly anniversary of the date of storage of such units.

For the purposes of illustration, a customer (an expectant mother) signs up for a cord blood banking service under an Agreement on a Lump Sum Payment Plan on 1 March 2017 and the total amount payable is S\$x within 60 days from the signing of the Agreement. The trade receivables of S\$x will be recorded on 1 March 2017. Subsequently, the child is delivered, and the cord blood unit is processed and stored on 1 May 2017. Revenue is recognised on 1 May 2017 upon the completion of the processing of cord blood unit, and subsequently, at the yearly anniversary of the date of storage of such unit. Accordingly, the accounts receivable in relation to such customer is recognised on 1 March 2017 and the revenue from the same is recognised from 1 May 2017 onwards.

The Group manages its trade debts by performing ongoing credit evaluation of the debtors' financial condition and making specific allowances for impairment of trade receivables based on the expected collectability of the receivables after considering supportable past collection history and responses to the Group's attempts to recover outstanding amounts. An allowance for impairment loss is recognised when there is objective evidence that a trade receivable is impaired.

In response to SGX-ST Query on whether the Company has difficulties collecting its trade debts, the Company presently does not expect any significant deterioration to the collectability of the Group's trade receivables.

The Board collectively and individually takes responsibility for the accuracy of the aforesaid replies to the SGX-ST Query raised by the SGX-ST.

By Order of the Board
CORDLIFE GROUP LIMITED

Dr Wong Chiang Yin
Group Chief Executive Officer and Executive Director
31 May 2017