

PART 1 – INFORMATION REQUIRED FOR QUARTERLY (Q1, Q2, Q3), HALF YEAR AND FULL YEAR ANNOUNCEMENTS

1(a)(i) An income statement and statement of comprehensive income (for the group) together with a comparative statement for the corresponding period of the immediately preceding financial year

	Group		+ / (-) Increase/ (Decrease) %
	6 months ended 30 June		
	2020	2019	
	\$'000	\$'000	
Revenue	26,241	30,066	(12.7)
Cost of sales	<u>(9,787)</u>	<u>(11,156)</u>	(12.3)
Gross profit	16,454	18,910	(13.0)
Other operating income	362	437	(17.2)
Selling and marketing expenses	(9,086)	(10,443)	(13.0)
Administrative expenses	(9,880)	(10,976)	(10.0)
Finance income	5,451	4,967	9.7
Finance costs	<u>(162)</u>	<u>(70)</u>	>100.0
Profit before income tax	3,139	2,825	11.1
Income tax expense	<u>(507)</u>	<u>(1,073)</u>	(52.7)
Profit for the financial period	<u>2,632</u>	<u>1,752</u>	50.2
Other comprehensive income/(loss) for the financial period, net of tax:			
<i>Item that may be reclassified subsequently to profit or loss</i>			
Foreign currency translation [^]	<u>68</u>	<u>(101)</u>	n.m.
Total comprehensive income for the financial period	<u>2,700</u>	<u>1,651</u>	63.5

Half Year Unaudited Financial Statements for the Period Ended 30 June 2020

1(a)(i) An income statement and statement of comprehensive income (for the group) together with a comparative statement for the corresponding period of the immediately preceding financial year (cont'd)

	Group		+ / (-) Increase/ (Decrease) %
	2020 \$'000	2019 \$'000	
Profit/(loss) for the financial period attributable to:			
- Shareholders of the Company	2,633	1,750	50.5
- Non-controlling interests	(1)	2	n.m.
	<u>2,632</u>	<u>1,752</u>	50.2
Total comprehensive income/(loss) for the financial period attributable to:			
- Shareholders of the Company	2,701	1,654	63.3
- Non-controlling interests	(1)	(3)	(66.7)
	<u>2,700</u>	<u>1,651</u>	63.5

n.m. denotes not meaningful

^Foreign currency translation classified as other comprehensive income/(loss) and presented in the foreign currency translation reserve in equity, represents the exchange differences arising from:

- translation of assets and liabilities of foreign operations to Singapore dollars at exchange rates at the reporting date; and
- translation of income and expenses of foreign operations to Singapore dollars at exchange rates at the dates of the transactions.

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.

1(a)(ii) Notes to the income statement

	Group		
	6 months ended 30 June		
	2020	2019	
	\$'000	\$'000	
Depreciation of property, plant and equipment	736	750	
Depreciation of right-of-use assets	684	–	[1]
Rental expense	202	989	[1]
Amortisation of intangible assets	632	592	
Impairment loss on trade receivables and bad debts written off, net	515	318	[2]
Impairment loss on non-trade receivables and bad debts written off, net	255	–	[3]
Foreign exchange gain	(81)	(176)	[4]
Other operating income	(362)	(437)	[5]
(Over)/under-provision of tax in respect of prior years	(207)	189	[6]
Finance income comprises:			
- Finance income on contract assets	(4,337)	(4,123)	
- Interest income from deposits, short-term investments and note receivable	(1,114)	(844)	[7]

Notes

- During the financial year ended 31 December 2019 (“FY2019”), the Group adopted SFRS(I) 16, and recognised the impact at the end of FY2019. The adoption of SFRS(I) 16 resulted in the recognition of depreciation on right-of-use assets pertaining to the capitalisation of operating lease contracts of properties and equipment, replacing the rental expense that the Group recognised on such contracts previously. The impact of SFRS(I) 16 had not been recognised for the six months ending 30 June 2019 (“HY2019”). The cumulative expenses were lower in the six months ended 30 June 2020 (“HY2020”) compared to HY2019 mainly due to a lower depreciation in Hong Kong as office rental subsidies were received from the lessor for a period of 6 months from October 2019 to March 2020.
- The increase in impairment loss on trade receivables and bad debts written off in HY2020 compared to HY2019 was mainly due to additional allowance for doubtful debts recognised in Indonesia.
- The Group recognised impairment loss on non-trade receivables due from a third party in its Indian subsidiary in HY2020. No such impairment loss was made in HY2019.
- The foreign exchange gain in HY2020 was mainly due to the revaluation of intercompany payables denominated in S\$ in the Hong Kong subsidiary as HK\$ strengthened against S\$ from January 2020 to June 2020.

In HY2019, the foreign exchange gain was attributable to revaluation of the loan from Healthbaby Biotech (Hong Kong) Co., Ltd (“Healthbaby”) to the Company. On 2 January 2018, the Group acquired Healthbaby, with part of the consideration being an assumption of a HK\$ denominated debt owed by the seller, Stemgen Biotech Holding Limited (“Stemgen”), to Healthbaby (the “HK\$ debt”). The Group recognised foreign exchange gain of S\$142,000 from the revaluation of the HK\$ debt as S\$ appreciated against HK\$ from January 2019 to June 2019. No such foreign exchange gain was recognised in HY2020 as the HK\$ debt had been written off in December 2019.

5. The decrease in other operating income for HY2020 compared to HY2019 of approximately S\$75,000 was mainly due a decrease in fair value on the short-term investments of S\$147,000 from a gain of S\$106,000 in HY2019 to a loss of S\$41,000 in HY2020 arising from short-term investments held in Malaysia. In addition, the Group had received a grant income in HY2019 from Spring Singapore for its participation in a joint Executive Development Scholarship program with Spring Singapore. There was no such grant income recognised in HY2020.

The decrease was slightly offset by government grants received in Hong Kong and Malaysia of approximately S\$120,000 for the Coronavirus Disease 2019 outbreak ("COVID-19"). There was no such grant income in HY2019.

6. Over-provision of tax in respect of prior years of S\$207,000 for HY2020 comprise an over-provision of corporate income tax of S\$129,000 and S\$78,000 for the Singapore and Malaysia subsidiaries respectively. In HY2019, the Group recognised an under-provision of tax in respect of prior years for its Indonesia operations.
7. Interest income from deposits, short-term investments and note receivable increased by S\$270,000 in HY2020 compared to HY2019 mainly due to increase in interest from fixed deposits in India and Malaysia.

1(b)(i) A statement of financial position (for the issuer and group), together with a comparative statement as at the end of the immediately preceding financial year

	Group As at		Company As at	
	30 June 2020 \$'000	31 December 2019 \$'000	30 June 2020 \$'000	31 December 2019 \$'000
ASSETS				
Non-current assets				
Property, plant and equipment	17,442	16,094	7,121	7,247
Investment properties	7,681	7,730	2,325	2,325
Intangible assets	33,465	33,410	766	919
Deferred tax assets	103	100	–	–
Investment in subsidiaries	–	–	62,845	62,845
Long-term investments	–	9,531	–	9,531
Contract assets	69,278	69,680	44,902	45,006
Other receivables	2	130	2	4
Fixed deposits	5,361	5,466	–	–
	<u>133,332</u>	<u>142,141</u>	<u>117,960</u>	<u>127,877</u>
Current assets				
Inventories	1,756	1,343	294	239
Prepayments	1,720	2,130	600	941
Trade receivables	25,735	24,044	9,533	10,796
Other receivables	8,489	3,790	5,035	906
Tax recoverable	2,179	2,313	–	63
Amount owing by subsidiaries	–	–	20,728	19,157
Short-term investments	14,813	13,938	–	–
Fixed deposits	11,598	8,964	–	–
Pledged fixed deposits	10,348	10,824	–	–
Cash and cash equivalents	23,221	14,784	12,306	5,540
	<u>99,859</u>	<u>82,130</u>	<u>48,496</u>	<u>37,642</u>
Current liabilities				
Trade and other payables	16,341	15,936	4,984	5,381
Amounts owing to subsidiaries	–	–	9,759	9,047
Interest-bearing borrowings	306	302	306	302
Lease liabilities	3,280	1,138	292	265
Contract liabilities	6,059	5,924	3,617	3,754
Tax payable	2,162	1,767	–	–
	<u>28,148</u>	<u>25,067</u>	<u>18,958</u>	<u>18,749</u>
Net current assets	<u>71,711</u>	<u>57,063</u>	<u>25,191</u>	<u>18,893</u>

1(b)(i) A statement of financial position (for the issuer and group), together with a comparative statement as at the end of the immediately preceding financial year (cont'd)

	Group As at		Company As at	
	30 June 2020 \$'000	31 December 2019 \$'000	30 June 2020 \$'000	31 December 2019 \$'000
Non-current liabilities				
Other payables	394	429	–	–
Amount owing to subsidiaries	–	–	14,067	13,628
Interest-bearing borrowings	3,839	3,996	3,839	3,996
Lease liabilities	1,075	1,354	466	470
Contract liabilities	62,680	58,942	15,455	15,595
Deferred tax liabilities	4,885	5,211	15	15
	<u>72,873</u>	<u>69,932</u>	<u>33,842</u>	<u>33,704</u>
Net assets	<u>132,170</u>	<u>129,272</u>	<u>113,656</u>	<u>113,066</u>
Capital and reserves				
Share capital	95,646	95,994	95,646	95,994
Treasury shares	(14,073)	(14,700)	(14,073)	(14,700)
Accumulated profits	64,196	61,563	31,045	30,653
Other reserves	(13,721)	(13,708)	1,038	1,119
	<u>132,048</u>	<u>129,149</u>	<u>113,656</u>	<u>113,066</u>
Non-controlling interests	122	123	–	–
Total equity	<u>132,170</u>	<u>129,272</u>	<u>113,656</u>	<u>113,066</u>

1(b)(ii) Aggregate amount of the group's borrowings and debt securities

	30 June 2020 \$'000	As at 31 December 2019 \$'000
Loan I – secured		
- repayable in one year or less, or on demand	306	302
- repayable after one year	3,839	3,996
	4,145	4,298

Loan I is secured by:

- a) First legal mortgage of the leasehold properties and investment properties (the “Properties”) of the Company;
- b) The assignment of the rights, title and interest with respect to the Properties; and
- c) Charge over all current receivables of the Company.

Loan I is drawn down in different tranches and repayable in 240 monthly instalments. It will be repaid in full in June 2031.

In September 2019, the Company obtained a short-term loan facility (“ST Loan facility”) from Standard Chartered Bank, which gives the Company a drawdown limit of S\$9.0 million, secured by fixed deposits of approximately S\$10.1 million placed by Stemlife Berhad, a subsidiary of the Company. No drawdown has been made on the ST Loan facility as at balance sheet date.

1(c) A statement of cash flows (for the group), together with a comparative statement for the corresponding period of the immediately preceding financial year

	Group	
	6 months ended	
	30 June	
	2020	2019
	\$'000	\$'000
Cash flows from operating activities:		
Profit before income tax	3,139	2,825
Adjustments for:		
Depreciation of property, plant and equipment	1,420	750
Amortisation of intangible assets	632	592
(Gain)/loss on disposal of property, plant and equipment	(11)	16
Impairment loss on trade and non-trade receivables and bad debts written off, net	770	318
Interest income	(5,451)	(4,967)
Interest expense	162	70
Investment loss/(income)	41	(223)
Share-based compensation expense	198	285
Unrealised exchange (gain)/loss	(542)	156
	<u>358</u>	<u>(178)</u>
Operating cash flows before changes in working capital	358	(178)
<u>Changes in working capital</u>		
(Increase)/decrease in trade receivables	(1,967)	1,044
Decrease/(increase) in contract assets	732	(1,614)
Increase in other receivables, deposits and prepayments	(372)	(570)
(Increase)/decrease in inventories	(412)	82
Increase in trade and other payables	564	920
Decrease in lease liabilities	(530)	-
Increase in contract liabilities	3,330	1,803
	<u>1,703</u>	<u>1,487</u>
Cash generated from operations	1,703	1,487
Interest received	5,543	4,688
Interest paid	(78)	(70)
Income tax paid	(512)	(1,712)
	<u>6,656</u>	<u>4,394</u>
Net cash flows generated from operating activities	6,656	4,394
Cash flows from investing activities:		
Purchase of property, plant and equipment	(433)	(761)
Purchase of intangible assets	(55)	(260)
Proceeds from disposal of fixed assets	1	1
(Placement/redemption of short-term investments)	(612)	13,865
Proceeds from sale of long-term investments	5,145	1,977
Transfer to term deposits	(2,427)	(6,889)
	<u>1,619</u>	<u>7,933</u>
Net cash flows generated from investing activities	1,619	7,933

Half Year Unaudited Financial Statements for the Period Ended 30 June 2020

1(c) A statement of cash flows (for the group), together with a comparative statement for the corresponding period of the immediately preceding financial year (cont'd)

	Group	
	6 months ended	
	30 June	
	2020	2019
	\$'000	\$'000
Cash flows from financing activities:		
Repayment of interest-bearing borrowings	(153)	(152)
Dividends paid	—	(1,013)
	<u>(153)</u>	<u>(1,165)</u>
Net cash flows used in financing activities		
	<u>(153)</u>	<u>(1,165)</u>
Net increase in cash and cash equivalents	8,122	11,162
Cash and cash equivalents at the beginning of the financial period	14,784	10,910
Effects of exchange rate changes on cash and cash equivalents	315	(267)
	<u>315</u>	<u>(267)</u>
Cash and cash equivalents at end of the financial period	<u><u>23,221</u></u>	<u><u>21,805</u></u>

Cash and cash equivalents

Cash and cash equivalents comprise cash at bank and on hand and short-term deposits with a maturity of three months or less.

Half Year Unaudited Financial Statements for the Period Ended 30 June 2020

1(d)(i) A statement (for the issuer and group) showing either (i) all changes in equity or (ii) changes in equity other than those arising from capitalisation issues and distributions to shareholders, together with a comparative statement for the corresponding period of the immediately preceding financial year

Group	Share capital \$'000	Treasury shares \$'000	Accumulated profits \$'000	Share-based compensation reserve \$'000	Capital reserve \$'000	Merger reserve \$'000	Acquisition reserve \$'000	Other reserve \$'000	Foreign currency translation reserve \$'000	Non-controlling interests \$'000	Total \$'000
At 1 January 2019	96,379	(15,469)	56,207	501	568	534	(11,740)	6	(3,355)	132	123,763
Effect of initial application of SFRS(I) 9, net of tax	–	–	6	–	–	–	–	(6)	–	–	–
Effect of initial application of SFRS(I) 16, net of tax	–	–	(108)	–	–	–	–	–	(101)	–	(209)
At 1 January 2019, restated	96,379	(15,469)	56,105	501	568	534	(11,740)	–	(3,456)	132	123,554
Profit for the financial period	–	–	1,750	–	–	–	–	–	–	2	1,752
Other comprehensive loss for the financial period, net of tax - Foreign currency translation	–	–	–	–	–	–	–	–	(96)	(5)	(101)
Total comprehensive income/(loss) for the financial period, net of tax	–	–	1,750	–	–	–	–	–	(96)	(3)	1,651
Contributions by and distributions to owners											
Grant of share awards to employees	–	–	–	285	–	–	–	–	–	–	285
Reissuance of treasury shares pursuant to equity compensation plans	(219)	412	–	(193)	–	–	–	–	–	–	–
Dividends	–	–	(1,013)	–	–	–	–	–	–	–	(1,013)
Total contributions by and distributions to owners	(219)	412	(1,013)	92	–	–	–	–	–	–	(728)
At 30 June 2019	96,160	(15,057)	56,842	593	568	534	(11,740)	–	(3,552)	129	124,477

Half Year Unaudited Financial Statements for the Period Ended 30 June 2020

1(d)(i) A statement (for the issuer and group) showing either (i) all changes in equity or (ii) changes in equity other than those arising from capitalisation issues and distributions to shareholders, together with a comparative statement for the corresponding period of the immediately preceding financial year (cont'd)

Company	Share capital \$'000	Treasury shares \$'000	Accumulated profits \$'000	Capital reserve \$'000	Share-based compensation reserve \$'000	Total \$'000
At 1 January 2019	96,379	(15,469)	30,303	422	501	112,136
Effect of initial application of SFRS(I) 16, net of tax	–	–	(2)	–	–	(2)
At 1 January 2019, restated	96,379	(15,469)	30,301	422	501	112,134
Loss for the financial period, representing total comprehensive loss for the financial period	–	–	(364)	–	–	(364)
<u>Contributions by and distributions to owners</u>						
Grant of share awards to employees	–	–	–	–	285	285
Reissuance of treasury shares pursuant to equity compensation plans	(219)	412	–	–	(193)	–
Dividends	–	–	(1,013)	–	–	(1,013)
Total contributions by and distributions to owners	(219)	412	(1,013)	–	92	(728)
At 30 June 2019	96,160	(15,057)	28,924	422	593	111,042

Half Year Unaudited Financial Statements for the Period Ended 30 June 2020

1(d)(i) A statement (for the issuer and group) showing either (i) all changes in equity or (ii) changes in equity other than those arising from capitalisation issues and distributions to shareholders, together with a comparative statement for the corresponding period of the immediately preceding financial year (cont'd)

Group	Share capital \$'000	Treasury shares \$'000	Accumulated profits \$'000	Share-based compensation reserve \$'000	Capital reserve \$'000	Merger reserve \$'000	Acquisition reserve \$'000	Foreign currency translation reserve \$'000	Non-controlling interests \$'000	Total \$'000
At 1 January 2020	95,994	(14,700)	61,563	697	568	534	(11,740)	(3,767)	123	129,272
Profit/(loss) for the financial period	-	-	2,633	-	-	-	-	-	(1)	2,632
Other comprehensive income for the financial period, net of tax - Foreign currency translation	-	-	-	-	-	-	-	68	-	68
Total comprehensive income/(loss) for the financial period, net of tax	-	-	2,633	-	-	-	-	68	(1)	2,700
<u>Contributions by and distributions to owners</u>										
Grant of share awards to employees	-	-	-	198	-	-	-	-	-	198
Reissuance of treasury shares pursuant to equity compensation plans	(348)	627	-	(279)	-	-	-	-	-	-
Total contributions by and distributions to owners	(348)	627	-	(81)	-	-	-	-	-	198
At 30 June 2020	95,646	(14,073)	64,196	616	568	534	(11,740)	(3,699)	122	132,170

Half Year Unaudited Financial Statements for the Period Ended 30 June 2020

1(d)(i) A statement (for the issuer and group) showing either (i) all changes in equity or (ii) changes in equity other than those arising from capitalisation issues and distributions to shareholders, together with a comparative statement for the corresponding period of the immediately preceding financial year (cont'd)

Company	Share capital \$'000	Treasury shares \$'000	Accumulated profits \$'000	Capital reserve \$'000	Share-based compensation reserve \$'000	Total \$'000
At 1 January 2020	95,994	(14,700)	30,653	422	697	113,066
Profit for the financial period, representing total comprehensive income for the financial period	–	–	392	–	–	392
<u>Contributions by and distributions to owners</u>						
Grant of share awards to employees	–	–	–	–	198	198
Reissuance of treasury shares pursuant to equity compensation plans	(348)	627	–	–	(279)	–
Total contributions by and distributions to owners	(348)	627	–	–	(81)	198
At 30 June 2020	95,646	(14,073)	31,045	422	616	113,656

Half Year Unaudited Financial Statements for the Period Ended 30 June 2020

1(d)(ii) Details of any changes in the company's share capital arising from rights issue, bonus issue, subdivision, consolidation, share buy-backs, exercise of share options or warrants, conversion of other issues of equity securities, issue of shares for cash or as consideration for acquisition or for any other purpose since the end of the previous period reported on. State the number of shares that may be issued on conversion of all the outstanding convertibles, if any, against the total number of issued shares excluding treasury shares and subsidiary holdings of the issuer, as at the end of the current financial period reported on and as at the end of the corresponding period of the immediately preceding financial year.

Company	Number of shares	Share capital (S\$)
As at 31 December 2019	254,007,494	95,993,991
Treasury shares reissued pursuant to equity compensation plans	575,250	(347,981)
As at 30 June 2020	254,582,744	95,646,010

1(d)(iii) To show the total number of issued shares excluding treasury shares as at the end of the current financial period and as at the end of the immediately preceding year. State also the number of shares held as treasury shares and the number of subsidiary holdings, if any, and the percentage of the aggregate number of treasury shares and subsidiary holdings held against the total number of shares outstanding in a class that is listed as at the end of the current financial period reported on and as at the end of the corresponding period of the immediately preceding financial year.

	As at	
	30 June 2020 No. of shares	31 December 2019 No. of shares
Total number of issued shares	267,525,354	267,525,354
Less: Treasury shares	(12,942,610)	(13,517,860)
Total number of issued shares excluding treasury shares	254,582,744	254,007,494
Percentage of treasury shares against total number of shares outstanding	4.8%	5.1%

1(d)(iv) A statement showing all sales, transfers, cancellation and/or use of treasury shares as at the end of the current financial period reported on

On 22 June 2020, 575,250 treasury shares were reissued pursuant to the Cordlife Share Grant Plan.

1(d)(v) A statement showing all sales, transfers, cancellation and/or use of subsidiary holdings as at the end of the current financial period reported on

Not applicable.

2. Whether the figures have been audited or reviewed and in accordance with which auditing standard or practice

The figures have not been audited or reviewed by the Company's auditors.

3. Where the figures have been audited or reviewed, the auditors' report (including any modifications or emphasis of matter)

Not applicable.

3A. Where the latest financial statements are subject to an adverse opinion, qualified opinion or disclaimer of opinion: (a) Updates on the efforts taken to resolve each outstanding audit issue, (b) Confirmation from the Board that the impact of all outstanding audit issues on the financial statements have been adequately disclosed.

Not applicable.

4. Whether the same accounting policies and methods of computation as in the issuer's most recently audited annual financial statements have been applied

Except as disclosed in note (5) below, the financial statements for the current period reported on have been presented using the same accounting policies and methods of computation as presented in the Company's most recently audited annual financial statements.

5. If there are any changes in the accounting policies and methods of computation, including any required by an accounting standard, what has changed, as well as the reasons for, and the effect of, the change

The Group has adopted new and revised Singapore Financial Reporting Standards (International) ("SFRS(I)") and Interpretations of SFRS(I) ("INT SFRS(I)") which became effective for the financial year beginning 1 January 2020.

The adoption of these new/revised SFRS(I) and INT SFRS(I) did not result in any substantial change to the Group's accounting policies and has no material/significant impact on the financial statements of the Group for the current reporting period or the reporting periods in prior years.

Half Year Unaudited Financial Statements for the Period Ended 30 June 2020

6. Earnings per ordinary share of the group for the current financial period reported on and the corresponding period of the immediately preceding financial year, after deducting any provision for preference dividends

	Group 6 months ended 30 June	
	2020	2019
Basic Earnings Per Share		
Earnings per ordinary share of the group for the financial period based on net profit attributable to shareholders of the Company:		
Profit attributable to shareholders of the Company (S\$ '000)	2,633	1,750
Weighted average number of shares in issue during the period ('000)	254,036	253,360
Basic earnings per share based on weighted average number of ordinary shares (cents)	1.04	0.69
Diluted Earnings Per Share		
Earnings per ordinary share of the group for the financial period based on net profit attributable to shareholders of the Company:		
Profit attributable to shareholders of the Company (S\$ '000)	2,633	1,750
Weighted average number of shares in issue during the period ('000)	255,633	254,781
Diluted earnings per share based on weighted average number of ordinary shares (cents)	1.03	0.69

Notes:

Basic earnings per share are calculated by dividing profit net of tax attributable to shareholders of the Company by the weighted average number of ordinary shares outstanding during the financial period.

Diluted earnings per share are calculated by dividing profit net of tax attributable to shareholders of the Company by the weighted average number of ordinary shares outstanding during the financial period plus the weighted average number of ordinary shares that would be issued on the conversion of all the dilutive potential ordinary shares into ordinary shares.

Potential ordinary shares shall be treated as dilutive only when their conversion to ordinary shares would decrease earnings per share or increase loss per share.

Half Year Unaudited Financial Statements for the Period Ended 30 June 2020

7. Net asset value (for the issuer and group) per ordinary share based on the total number of issued shares excluding treasury shares of the issuer at the end of the (a) current period reported on and (b) immediately preceding financial year

	Group		Company	
	30 June 2020 (cents)	31 December 2019 (cents)	30 June 2020 (cents)	31 December 2019 (cents)
Net asset value per ordinary share based on the total number of issued shares excluding treasury shares of the issuer at the end of the relevant period	51.92	50.89	44.64	44.51

The number of shares in issue and used in calculating the net asset value per share as at 30 June 2020 is 254,582,744 (31 December 2019: 254,007,494).

8. A review of the performance of the group, to the extent necessary for a reasonable understanding of the group's business. The review must discuss any significant factors that affected the turnover, costs, and earnings of the group for the current financial period reported on, including (where applicable) seasonal or cyclical factors. It must also discuss any material factors that affected the cash flow, working capital, assets or liabilities of the group during the current financial period reported on

COMPARING 6 MONTHS ENDED 30 JUNE 2020 ("HY2020") AGAINST 6 MONTHS ENDED 30 JUNE 2019 ("HY2019")

Income Statement

Revenue

Revenue decreased by 12.7% or S\$3.8 million from S\$30.1 million in HY2019 to S\$26.2 million in HY2020.

Although the Group's services had been considered essential and the core operations, with proper hygiene protocols in place, could continue, COVID-19 had affected the demand for the Group's banking services. Consumers were tighter with their spending, and in some of the regions that the Group operates, movement limitations and border restrictions has made service delivery even more challenging. This resulted in an 18.5% decrease in the new samples processed and stored from 13,000 in HY2019 to 10,600 in HY2020. The decline in new samples stored was mitigated by the conversion of more clients to higher value price plans mainly in Singapore and the Philippines.

The Group also ramped up its diagnostic service offerings, which grew 77% or S\$0.5 million from HY2019 to HY2020. The increase is in particular from the increase in pre-natal testing services offered by the Group.

Cost of sales

Cost of sales decreased by 12.3% or S\$1.4 million in HY2020 compared to HY2019, which was in line with the decrease in new samples processed and stored. The decrease was partially offset a higher uptake of diagnostic services which led to an increase in the cost of sales.

Gross profit and gross profit margin

Gross profit decreased from S\$18.9 million in HY2019 to S\$16.5 million in HY2020 mainly due to a decrease in new samples processed and stored. While there was an increase in diagnostic services which generally has a lower gross profit margin, the impact was offset by a higher proportion of clients opting for higher value plans in Singapore and the Philippines. As a result, gross profit margin remained relatively stable at 62.7% and 62.9% in HY2020 and HY2019 respectively.

Other operating income

The decrease in other operating income for HY2020 compared to HY2019 of approximately S\$75,000 was mainly due a decrease in fair value on the short-term investments of S\$147,000 from a gain of S\$106,000 in HY2019 to a loss of S\$41,000 in HY2020 arising from short-term investments held in Malaysia. In addition, the Group had received a grant income in HY2019 from Spring Singapore for its participation in a joint Executive Development Scholarship program with Spring Singapore. No such grant income was recognised in HY2020.

The decrease was slightly offset by government grants received in Hong Kong and Malaysia of approximately S\$120,000 for COVID-19. There was no such grant income in HY2019.

Selling and marketing expenses

Selling and marketing expenses decreased by 13.0% or S\$1.4 million in HY2020 compared to HY2019. Advertising and promotion expenses decreased by approximately S\$903,000 mainly due to restrictions imposed in various countries on physical trade fairs and antenatal seminars to minimise physical interactions in view of the spread of COVID-19. Nonetheless, the Group focused on online channels to continue to outreach and increase awareness of stemcell banking.

The decrease was also partly due to lower travel expenses of approximately S\$275,000 as a result of travel restrictions and the implementation of a Group-wide policy to reduce business travel to safeguard the well-being employees during the pandemic. The decrease in selling and marketing expenses was also due to lower commission expenses of approximately S\$114,000 as a result of a decline in new client acquisitions.

Administrative expenses

Administrative expenses decreased by 10.0% or S\$1.1 million in HY2020 compared to HY2019.

The decrease was mainly attributed to the decrease in staff-related expenses and share grant expense amounting to approximately S\$712,000 and S\$87,000 respectively in HY2020 compared to HY2019. In view of the impact of the pandemic on the Group results as well as safe-distancing measures, the Group has reduced employee activities and placed restrictions on the replacement of headcount lost through natural attrition. Due to the decline in revenues and overall performance of HY2020 compared to HY2019, the variable component of employee compensation had been correspondingly reduced.

With the imposition of tighter travel restrictions and to safeguard the well-being of employees, corporate travel expenses for management and oversight have reduced by approximately S\$179,000 from HY2019 to HY2020. With the shift to telecommuting and digital communications, other administrative expenses such as printing and stationery, office consumables, postage and courier fee, maintenance and cleaning services decreased by S\$242,000. Legal, professional and consultancy fees decreased by S\$238,000 as the Group focused on the current business operations and took a prudent approach towards potential business opportunities.

The decrease in expenses was offset by an increase in impairment loss on trade receivables and bad debts written off of approximately S\$197,000 in HY2020 compared to HY2019 mainly due to additional allowance for doubtful debts recognised in Indonesia. The Group also recognised impairment loss on non-trade receivables due from a third party in its Indian subsidiary in HY2020 of S\$255,000. No such impairment loss was made in HY2019.

Finance income

Finance income comprises finance income on contract assets of S\$4.3 million (HY2019: S\$4.1 million) and interest income from deposits, short-term investments and note receivable of S\$1.1 million (HY2019: S\$844,000). Finance income from deposits, short-term investments and note receivable increased by S\$270,000 mainly due to the increase in interest income from fixed deposits in India and Malaysia.

Finance costs

Finance costs relate to interest-bearing borrowings and lease liabilities which amounted to S\$162,000 (HY2019: S\$70,000). Finance costs increased by S\$92,000 from HY2019 to HY2020 due to the recognition of finance cost on lease liabilities of approximately S\$86,000. There was no such finance cost recognised in HY2019 as the Group adjusted for the impact of SFRS(I) 16 in December 2019.

Profit before income tax

As a result of the foregoing, the profit before income tax of S\$3.1 million for HY2020 was 11.1% higher than for HY2019.

Tax

Over-provision of tax in respect of prior years of S\$207,000 for HY2020 comprise an over-provision of corporate income tax of S\$129,000 and S\$78,000 for the Singapore and Malaysia subsidiaries respectively. In HY2019, the Group recognised an under-provision of tax in respect of prior years for its Indonesia operations.

Adjusting for the foregoing, the effective tax rate of 22.7% in HY2020 was lower than HY2019 at 31.3%. The decrease in effective tax rate was mainly due to the utilisation of tax losses carried forward from previous years for which no deferred tax asset was recognised.

Balance sheet

Cash and cash equivalents, unpledged and pledged fixed deposits (“fixed deposits”) and short-term investments

As at 30 June 2020, the Group maintained a strong balance sheet, with cash and cash equivalents, fixed deposits and short-term investments of S\$65.3 million (31 December 2019: S\$54.0 million). Short-term investments mainly comprise investments in money market funds. The increase in the total cash and cash equivalents, fixed deposits and short-term investments was mainly due to net cash generated from operating activities of S\$6.7 million and proceeds from the sale of long-term investments of approximately S\$5.1 million, offset by purchase of property plant and equipment and intangible assets of S\$0.5 million under cash flow from investing activities as well as repayment of interest-bearing borrowings of S\$153,000 under cash flows used in financing activities.

Net cash generated from operating activities comprised mainly operating cash flows before movements in working capital of S\$358,000, net interest received of S\$5.5 million, net working capital inflow of S\$1.3 million offset by income tax paid of S\$0.5 million.

Net working capital inflow of approximately S\$1.3 million comprised the following:

- increase in trade receivables of approximately S\$2.0 million;
- decrease in contract assets of approximately S\$0.7 million;
- increase in other receivables, deposits and prepayments of approximately S\$372,000;
- increase in inventories of approximately S\$412,000;
- increase in trade and other payables of approximately S\$564,000;
- decrease in lease liabilities of approximately S\$520,000; and
- increase in contract liabilities of approximately S\$3.3 million.

Property, plant and equipment

As at 30 June 2020, the Group recorded S\$17.4 million on its balance sheet for property, plant and equipment (31 December 2019: S\$16.1 million). The increase was mainly due to recognition of right-of-use assets of approximately S\$2.3 million and S\$300,000 in HY2020 upon renewal of leases of properties and equipment in Hong Kong and Singapore respectively. The increase was partially offset by depreciation of S\$1.4 million in HY2020.

Investment properties

As at 30 June 2020 and 31 December 2019, the Group recorded S\$7.7 million on its balance sheet for investment properties.

Intangible assets

Intangible assets comprise client contracts, brand and goodwill acquired in business combinations and computer software.

Deferred tax assets

As at 30 June 2020, the Group recorded deferred tax assets of S\$103,000 compared to S\$100,000 as at 31 December 2019.

Long-term investments

As of 31 December 2019, the long-term investments comprise the S\$5.1 million investment in unquoted ordinary shares of CellResearch Corporation Pte. Ltd. ("CRC") which is carried at fair value through profit or loss and S\$4.3 million of convertible note carried at fair value through profit or loss and its corresponding interest receivable.

On 1 February 2016, the Group subscribed for a Class A Redeemable Convertible Note ("RCN") maturing three years from the issue date in the principal amount of S\$4.2 million from CRC. The yielding interest is at a rate of three month SIBOR plus 7% per annum payable annually in arrears. In June 2019, the Group signed a supplemental agreement to extend the RCN for another 2 years to 30 June 2021 on the same terms. As of 30 June 2020, the RCN and its corresponding interest receivable were being reclassified to other receivables, current.

On 14 February 2020, the Group exercised its right to sell the 4.2 million unquoted shares of CRC at approximately S\$5,145,000 to the founders of CRC.

With the aforesaid reclassification of RCN and sale of the unquoted shares, there is no long-term investment as of 30 June 2020.

Contract assets, non-current

Non-current contract assets represent all service revenues arising from the performance obligations identified under instalment payment plans in the cord blood, cord lining and cord tissue banking contracts that have yet to be billed to clients. Upon billing, the billed amount will be receivable under the same terms as the current trade receivables. As at 30 June 2020, the Group recorded non-current contract assets of S\$69.3 million (31 December 2019: S\$69.7 million).

Inventories

As at 30 June 2020, the Group recorded inventories of S\$1.8 million (31 December 2019: \$1.3 million).

Prepayments

As at 30 June 2020, the Group recorded prepayment of S\$1.7 million (31 December 2019: S\$2.1 million).

Trade receivables, current

Current trade receivables as at 30 June 2020 was S\$25.7 million compared to S\$24.0 million as at 31 December 2019.

Other receivables, current

As at 30 June 2020, the Group recorded other receivables of S\$8.5 million compared to S\$3.8 million as at 31 December 2019. The RCN and its interest receivable amounting to S\$4.3 million had been reclassified to other receivables, current, as at 30 June 2020.

Tax recoverable

As at 30 June 2020, the Group recorded tax recoverable of S\$2.2 million (31 December 2019: S\$2.3 million).

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Trade and other payables, current and non-current

As at 30 June 2020, the Group recorded current trade and other payables of S\$16.3 million (31 December 2019: \$15.9 million) and non-current other payables of S\$394,000 (31 December 2019: S\$429,000).

Interest-bearing borrowings, current and non-current

Interest-bearing borrowings decreased by approximately S\$153,000, from S\$4.3 million as at 31 December 2019 to S\$4.1 million as at 30 June 2020, due to repayments made during the financial period.

Lease liabilities, current and non-current

As of 30 June 2020, the Group recognised lease liabilities of S\$4.4 million on property and equipment leases (31 December 2019: S\$2.5 million). The increase in lease liabilities was attributable to the renewal of property and equipment leases in Singapore and Hong Kong.

Contract liabilities, current and non-current

Contract liabilities represent revenue received in advance for services revenues to be rendered under the various performance obligations identified in the cord blood, cord lining and cord tissue banking contracts. As at 30 June 2020, current and non-current contract liabilities were at S\$6.1 million and S\$62.7 million respectively (31 December 2019: S\$5.9 million and S\$58.9 million respectively).

Income tax payable

As at 30 June 2020, the Group recorded income tax payable of S\$2.2 million (31 December 2019: S\$1.8 million).

Deferred tax liabilities

As at 30 June 2020, deferred tax liabilities amounted to S\$4.9 million (31 December 2019: S\$5.2 million), comprising deferred tax liabilities on temporary differences and on intangible assets recognised on business combination.

9. Where a forecast, or a prospect statement, has been previously disclosed to shareholders, any variance between it and the actual results

Not applicable as no forecast or prospect statement was previously disclosed to shareholders.

10. A commentary at the date of the announcement of the significant trends and competitive conditions of the industry in which the group operates and any known factors or events that may affect the group in the next reporting period and the next 12 months

The outbreak of the COVID-19 in early 2020 has caused fear worldwide and resulted in a negative impact to the global economy. In all the countries that the Group operates in, the Group's services are classified as essential services and as such, the business activities of the Group have remained substantially operational. However, the implementation of social distancing measures to reduce social contact has resulted in restrictions on the Group's ability to carry out physical promotional activities in HY2020. To address this, the Group has ramped up its use of digital marketing campaigns, and has also conducted webinars in various countries to create consumer awareness of its product offerings. With shifting customer preferences away from face-to-face consultations, the Group has embarked on digital initiatives like e-enrolment to continue engaging potential customers in the current environment. The Group will continue to look into the potential ways in which it can engage its existing and potential clients via digital means, which will allow outreach to a potentially larger targeted audience.

In addition, tightened business spending resulting in reductions in selling and marketing expenses and administrative expenses, and the nature and timing of the Group's service delivery has slightly cushioned the impact of COVID-19 on the results for HY2020. The Group only recognises revenue from banking services upon service delivery, which is at the point when the customer gives birth and the sample is stored, while customers typically sign up a few months prior to their delivery. As the COVID-19 situation has generally resulted in the tapering of new customer sign-ups for banking services in HY2020, this revenue trend may continue in the second half of this financial year.

With recurring waves of the outbreak occurring in some of the countries that the Group operates in, the Group expects to continue facing uncertainties arising from COVID-19 in the coming months. Given the rapidly evolving circumstances, the Group will continue to monitor the situation closely and respond accordingly.

Notwithstanding the COVID-19 pandemic, the Group continues to emphasise on increasing public awareness of the benefits of stem-cell banking as well as to seek growth in its diagnostics business through continuous engagement with its clients and their broader families over their lifetime. It continued initiatives like offering additional testing services for cord blood banking to add value to its stemcell banking services while diagnostics offerings have seen relatively positive response from various markets despite the outbreak. With an increasingly technologically-savvy population and a paradigm shift towards digital transformation, the Group is also exploring digital healthcare to better service and empower clients, as well as reduce inefficiencies and costs in service delivery.

As at 30 June 2020, the Group's balance sheet remains strong, and the Group had S\$65.3 million in cash and cash equivalents, pledged and unpledged fixed deposits and short-term investments in money market funds. Total debt as a percentage of equity was 3.1%. Although the Group persists in its desire for growth, despite a strong balance sheet and cash position, the Group will likely be taking a more prudent approach to new business opportunities in the near future in light of the current pandemic.

Barring unforeseen developments and exceptional non-operating items, the Group expects to remain profitable for the current financial year ending 31 December 2020.

11. Dividends

(a) ***Current financial period reported on***

Any interim (final) ordinary dividend declared (recommended) for the current financial period reported on? No

(b) ***Corresponding period of the immediately preceding financial year***

Any dividend declared for the corresponding period of the immediately preceding financial year? No

(c) ***The date the dividend is payable***

Not applicable.

(d) ***Books closure date***

Not applicable.

12. If no dividend has been declared (recommended), a statement to that effect and provide the reasons for the decision not to declare/recommend any dividend

The Directors did not declare or recommend dividends for HY2020. The Directors will review dividend payout in the following quarters after taking into consideration the Company's performance, given the uncertainties arising from the COVID-19 pandemic.

13. Interested person transactions

The Company has not obtained a general mandate from shareholders for interested person transactions.

There were no interested person transactions of S\$100,000 or more for the financial period reported on.

14. Confirmation Pursuant to Rule 705(5) of the Listing Manual

To the best of knowledge of the Board of Directors of the Company (the "Board"), nothing has come to the attention of the Board which may render the unaudited financial statements of the Company and the Group for HY2020 presented in this announcement, to be false or misleading in any material aspect.

15. Confirmation Pursuant to Rule 720(1) of the Listing Manual

The Company confirms that undertakings under Rule 720(1) have been obtained from all its directors and executive officers in the format set out in Appendix 7.7.

16. Disclosure on the use of placement proceeds

Capitalised terms used herein, unless otherwise defined, have the meanings as defined in the announcements on Private Placement Of An Aggregate Of Up To 26,838,000 New Ordinary Shares In The Capital Of The Company dated 2 October 2013, 11 October 2013 and 14 October 2013.

The Company issued 26,838,000 Placement Shares at an issue price of S\$1.25 per Placement Share by way of private placement (the "Private Placement") to raise aggregate gross proceeds of S\$33,547,500 on 14 October 2013.

As at 13 August 2020, the Group has utilised approximately S\$25.3 million out of S\$33.5 million of the Private Placement proceeds as follows:

Intended Use of Placement Proceeds	Estimated amount (\$ m)	Estimated percentage of gross proceeds raised from the Private Placement	Amount utilised (\$ 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%	16.6	49.4%
General working capital	8.6	25.7%	8.1	24.2%
Expenses incurred in connection with the Private Placement	1.4	4.2%	0.6	1.8%
	33.5	100.0%	25.3	75.4%

Note:

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

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

	Amount (\$ million)
Amount utilised as working capital:	
Trade purchases	8.0
Legal and professional fees	0.1
Total	8.1

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The Board is of the view that the above utilisation is in accordance with the intended use disclosed in the aforementioned announcement dated 2 October 2013.

The Board is also pleased to announce that due to the Company's prudent management of financial resources and negotiations with vendors, there is a balance of approximately S\$0.8 million from the approximately S\$1.4 million which was originally allocated to pay for expenses incurred in connection with the Private Placement. The Board, after deliberation, deemed it in the best interests of the Company and its shareholders to re-deploy the said balance amount for general working capital purposes.

The Company will make further announcements via SGXNET as and when the balance of the Private Placement proceeds are materially disbursed in accordance with Rule 704(30) of the Listing Manual of the SGX-ST.

By Order of the Board

Tan Poh Lan
Group CEO and Executive Director
13 August 2020