



# STEADILY STEERING THROUGH ADVERSITY

Annual Report 2020





## ACCREDITATIONS, CERTIFICATIONS & LICENCES

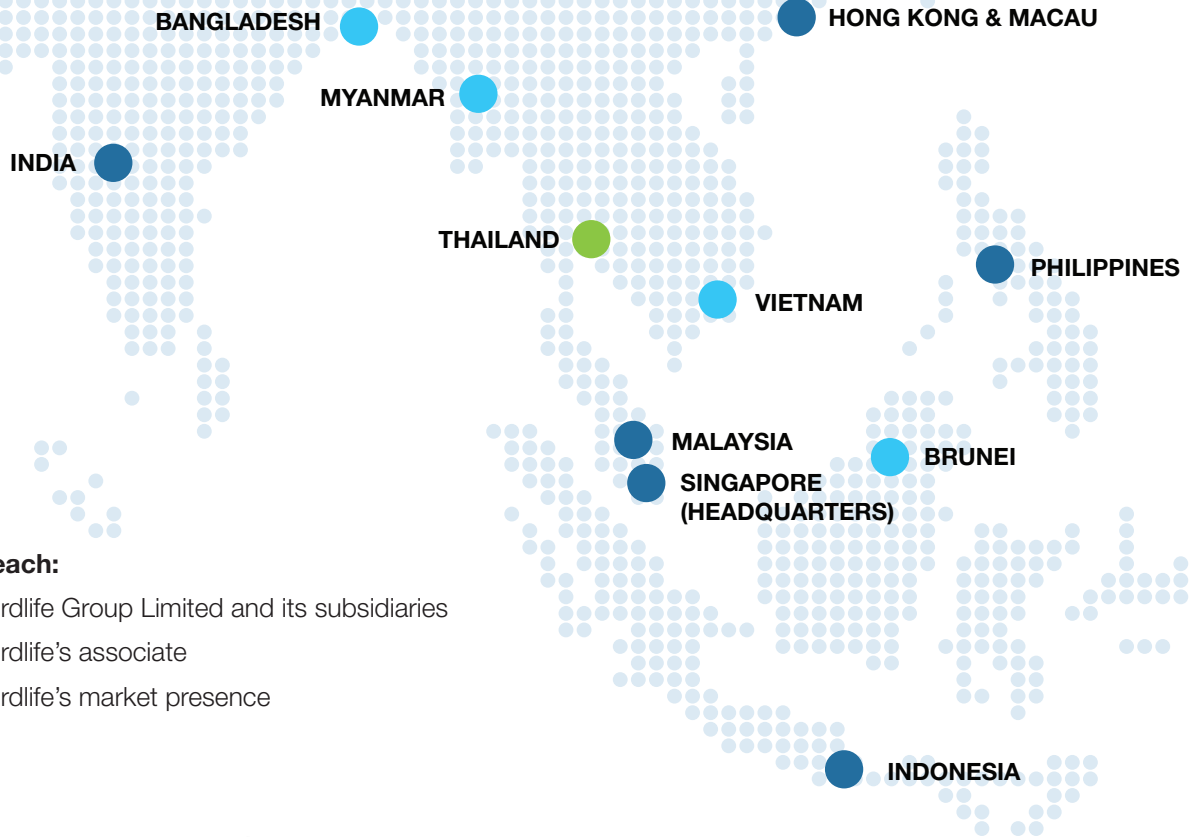
						
<b>Cordlife Singapore</b>	<b>Cordlife Hong Kong</b>	<b>Healthbaby Hong Kong</b>	<b>Cordlife India</b>	<b>Cordlife Philippines</b>	<b>Cordlife Indonesia</b>	<b>Stemlife Malaysia</b>
AABB FACT GDPMD MOH	AABB CAP	AABB FACT CAP	AABB CAP NABL DCGI	AABB ISO9001:2015 DOH	AABB ISO9001:2015 MOH	AABB ISO15189 NEBB MOH



## CONTENTS

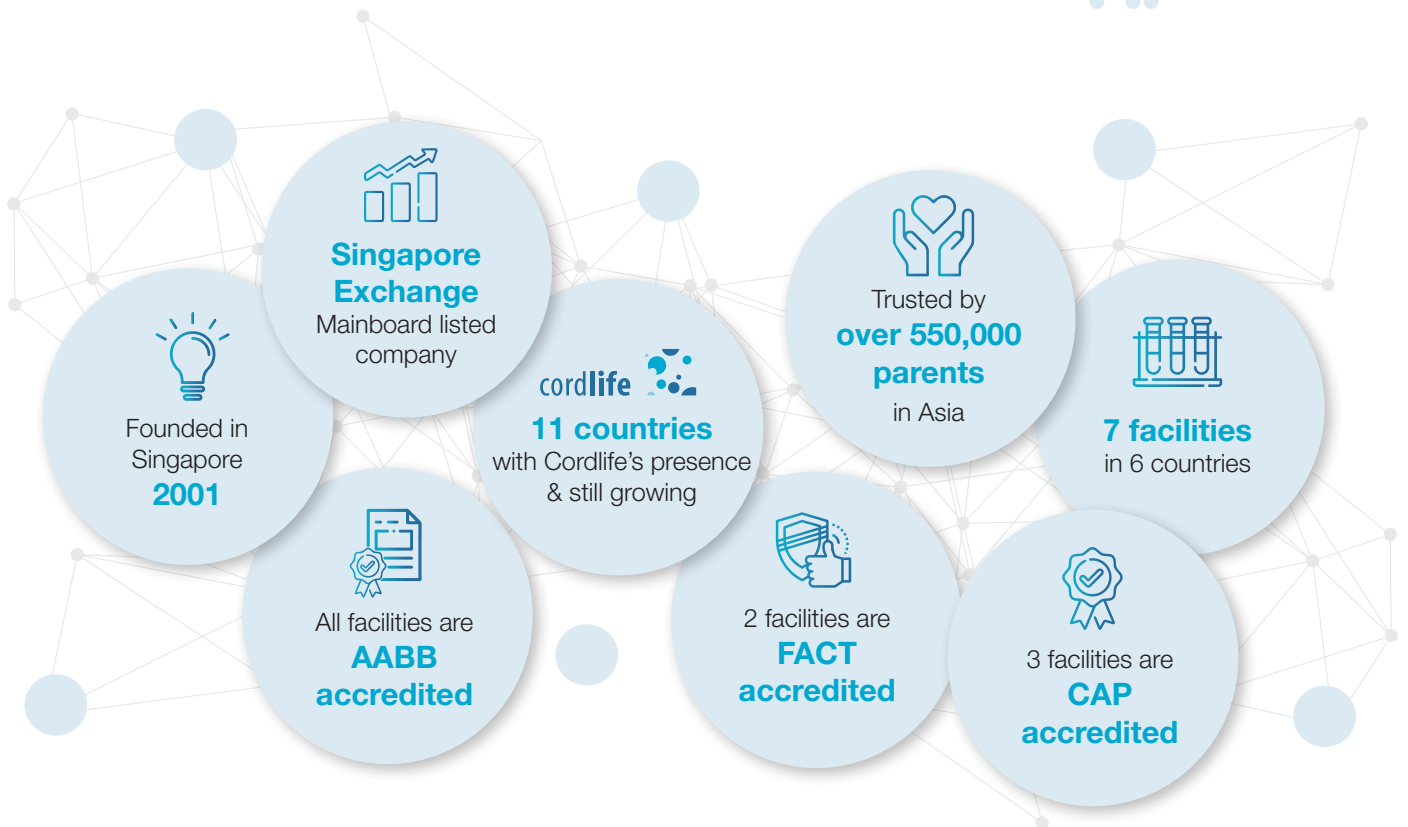
02	<b>Our Company</b>	16	<b>Corporate Social Responsibility</b>
04	<b>Chairman's Message</b>	18	<b>Board of Directors</b>
06	<b>Group CEO's Message</b>	22	<b>Senior Management</b>
08	<b>Our Guiding Principles and Values</b>	25	<b>Group Structure</b>
09	<b>Our Milestones and Achievements</b>	26	<b>Corporate Governance Report</b>
10	<b>Our Services at a Glance</b>	41	<b>Financial Contents</b>
12	<b>Financial and Operations Review</b>		<b>Corporate Information</b>
14	<b>Financial Highlights</b>		

# OUR COMPANY



## Our Reach:

- Cordlife Group Limited and its subsidiaries
- Cordlife's associate
- Cordlife's market presence





**Quality and customer focus are amongst some the cornerstones of Cordlife. All of the Group's facilities are accredited by AABB, the organisation behind the world's gold standard for cord blood banking.**

Established in May 2001, Cordlife Group Limited ("Cordlife", together with its subsidiaries, the "Group") is a leading company dedicated to safeguarding the well-being of mother and child. The Group is listed on the Mainboard of the Singapore Exchange since 2012 and is a pioneer in private cord blood banking in Asia.

Cordlife owns the largest network of cord blood banks in Asia with full stem cell banking facilities in six key markets, namely Singapore, Hong Kong, Indonesia, India, Malaysia and the Philippines. In Singapore, Hong Kong, the Philippines and Indonesia, Cordlife operates the largest private cord blood banks and it is amongst the top three market leaders in India and Malaysia. In January 2018, Cordlife became the market leader in Hong Kong with the acquisition of the largest private cord blood bank in the country, Healthbaby Biotech (Hong Kong) Co., Limited. Through its majority-owned subsidiary in Malaysia, Stemlife Berhad, Cordlife holds an indirect stake in Thailand's largest private cord blood bank, Thai Stemlife. Cordlife has also established its presence in Myanmar, Vietnam, Macau, Brunei and Bangladesh.

Beyond cord blood, cord lining and cord tissue banking, Cordlife offers a comprehensive suite of diagnostics services for the family including non-invasive prenatal testing, paediatric vision screening, newborn metabolic screening and family genetic screening services.

Quality and customer focus are amongst some of the cornerstones of Cordlife. All of the Group's facilities are accredited by AABB (formerly known as American Association of Blood Banks), the organisation behind the world's gold standard for cord blood banking. In addition, Cordlife Singapore and Healthbaby Hong Kong are also two of the four private cord blood banks in Asia, and eight in the world, to be accredited by both AABB and Foundation for the Accreditation of Cellular Therapy ("FACT"), another world-class accreditation body for cord blood banks globally.

In the area of clinical diagnostics, Cordlife India, Cordlife Hong Kong and Healthbaby Hong Kong are accredited by the College of American Pathologists ("CAP"). This makes Healthbaby Hong Kong the only private cord blood bank in the world to be accredited by three international standard-setting bodies and Cordlife India one of the only two medical laboratories in West Bengal to be holding accreditations from National Accreditation Board for Testing and Calibration Laboratories ("NABL") and CAP. These quality achievements underpin the Group's commitment to providing reliable healthcare solutions through innovation and technological advancement.

# CHAIRMAN'S MESSAGE



## DEAR SHAREHOLDERS,

On behalf of the Board of Directors of Cordlife Group Limited, I am pleased to share our annual report for the financial year ended 31 December 2020 ("FY2020") ("Annual Report 2020").

FY2020 was a difficult year due to the slowing of the global economy arising from the recessionary impact of the COVID-19 pandemic. This resulted in tightened consumer spending, along with movement and border restrictions, which made service deliveries challenging and affected client sign-ups.

The theme of our Annual Report 2020 is "Steadily Steering through Adversity". Against the backdrop of tough business conditions, we stayed resilient and adapted to the evolving landscape to mitigate negative impacts and weather the storm, enabling our business to steadily steer through adversity.

As the pioneer of private cord blood banking in Asia with the largest network of stem cell banking facilities in six key markets - Singapore, Hong Kong, Indonesia, India, Malaysia and the Philippines, we are constantly ramping up new revenue channels, including our diagnostics and digital healthcare business segments, to complement our core operations. We remain committed to quality as well as customer satisfaction and we believe that the provision of a holistic suite of services will continue to be a key driver of our successes in the future.

## FINANCIAL PERFORMANCE

For FY2020, the Group's revenue has decreased by 17.8% to S\$50.6 million from S\$61.6 million for the same period ended 31 December 2019 ("FY2019"). The decrease in revenue was mainly attributed to a decrease in the number of new samples processed and stored in all of the Group's operating markets as a result of the ongoing COVID-19 pandemic.

We ended the financial year with a net profit of S\$6.6 million, 1.4% higher than a net profit of S\$6.5 million compared to FY2019. This was mainly driven by government relief measures for COVID-19 given in Singapore, Hong Kong and Malaysia, lower marketing expenses (attributable to lower advertising and promotion expenses due to restrictions on physical trade fairs and antenatal seminars as a result of the outbreak of COVID-19) and lower administrative expenses (due to lower staff and travel costs, partially offset by an increase in impairment loss on trade receivables) and lower tax expense.

In appreciation of your support for Cordlife, we have proposed a final dividend of 0.9 Singapore cents per share, representing a dividend payout ratio of 35.0% of net profit after tax for FY2020.

## EXPANDING BEYOND OUR SERVICES

Having been in the stem cell banking business for 20 years, we have accumulated much knowledge and we fully understand the challenges and complications brought on by life-threatening conditions. As such, we believe that we are in a good position to provide holistic and value-adding healthcare solutions to our clients.

In line with our plans to increase customer lifetime value, we have introduced add-on testing services for cord blood banking. We are also looking to market diagnostic services through our existing channels established in the mother and child segment. We are already marketing non-invasive prenatal testing ("NIPT") and family genetic testing, non-invasive newborn metabolic screening as well as paediatric vision screening to our clients and their broader families. We believe that there is great potential in the market for NIPT. The Fortune Business Insights forecasted that NIPT will grow at a compound annual growth rate of 17.8% from 2020-2027 to hit US\$10.9 billion by 2027 from US\$3.0 billion in 2019.<sup>1</sup>

We have developed a mobile application known as Moms Up, to provide health-related information and resources for Asian women who are expecting a baby or planning to conceive, and women who have young children. We intend to leverage on this digital platform to expand our reach to potential clients and increase touchpoints with our existing clients. At the same time, this platform can also serve as a base for us to educate and increase public awareness of our services.

<sup>1</sup> <https://www.globenewswire.com/news-release/2020/09/14/2092955/0/en/Non-Invasive-Prenatal-Testing-Market-to-Reach-10-88-Billion-by-2027-Technological-Intervention-has-Played-a-Massive-Role-in-Market-Growth-says-Fortune-Business-Insights.html>



**Against the backdrop of tough business conditions, we stayed resilient and adapted to the evolving landscape to mitigate negative impacts and weather the storm, enabling our business to steadily steer through adversity.**



## GROWING OUR MARKET PRESENCE

At Cordlife, we are constantly on the lookout for suitable merger and acquisition opportunities so as to accelerate the growth of our business. We seek prospects that can return a synergistic effect, such as increasing our footprint and customer base in Asia, attain competitive advantages, achieve economies of scale or increase the scope of our services.

Discussions in relation to our previous indicative, non-binding proposal for a statutory merger with the first and largest cord blood bank in China, Global Cord Blood Corporation (“GCBC”) last June has been mutually agreed to discontinue in February 2021. This discontinuation of discussions in relation to the proposal is not expected to have any material impact on the financial performance of the Group.

Nonetheless, we have continued to pursue other opportunities and are proud to announce that the Ministry of Health has issued a licence permitting Cordlife to launch OptiQ, a corneal lenticule banking service in Singapore in March 2021. This makes Cordlife the first company in Asia to let patients undergoing certain refractive eye surgery using lenticule extraction method (e.g. SMILE) for myopia or astigmatism, cryopreserve their corneal lenticules for potential treatment of presbyopia and other ocular conditions in the future.

The Group believes that our 20 years of experience in the banking of biological materials places us in the perfect position to further extend our services to offer the storage of corneal lenticules. Our partnership with Singapore Eye Research Institute fits perfectly with our commitment to providing innovative healthcare services.

## REMAINING AGILE IN AN UNCERTAIN ENVIRONMENT

During these uncertain and volatile times, the Group showcased our competitive advantage by demonstrating business resilience and the ability to pivot in an evolving

landscape. As our services are classified as essential services in all the countries that we operate in, business activities have remained substantially operational during lockdowns.

However, the implementation of social distancing measures and closed borders limited our physical promotional activities and delivery of services. We responded by capitalising on this opportunity to go digital and rolled out several digital initiatives, including online consultations and an electronic enrolment platform to engage potential clients. In addition, we ramped up our digital marketing campaigns to capture business opportunities and held webinars in each of our operating countries to create awareness of our product and service offerings among consumers.

In this technology-driven environment, we will continue to deepen our digital capabilities and engage our existing and potential clients more frequently via online platforms, so as to expand our reach to a larger crowd.

## ACKNOWLEDGMENTS

On behalf of my fellow board members, I would like to thank Dr Goh Jin Hian who has resigned as Chairman and Independent Director, for his contributions to the Board during the tenure of his service. I wish him all the best in his future endeavours.

I would also like to express my heartfelt gratitude and appreciation to all our shareholders, business partners, clients and our staff for their continued support over the past year despite the challenging environment. We are thankful to have them on our journey to maintain Cordlife's position as the premier service provider of healthcare solutions for families in Asia.

## DR HO CHOON HOU

*Acting Chairman and Independent Director*

## GROUP CEO'S MESSAGE



### DEAR SHAREHOLDERS,

Since our establishment in 2001, we have always taken pride in the quality of our services and remain committed to being the first choice for our clients. With the growing interest in stem cell therapy, we are on the right track to help people live healthier, happier and longer. I am very grateful to be working with my team of dedicated management and staff as we continue on our journey in maintaining the Group's position as the premier provider of choice for families in Asia for healthcare solutions.

### BUSINESS OVERVIEW

FY2020 has been a challenging year for the Group. The COVID-19 pandemic impacted our business with new client sign-ups for our banking services tapering during the year. Nonetheless, the nature and timing of the Group's service delivery, along with the reduction in selling, marketing and administrative expenses, managed to slightly cushion the impact of the pandemic.

We also noticed the trend of middle to upper class professionals living in the urban areas having fewer babies. However, we remain optimistic as we believe that as these parents become more affluent, they will have higher disposable income to invest on their child. Thus, we have focused on adding more products and services in our portfolio to increase customer lifetime value. In addition, we continued to seek growth

in our diagnostics business through continuous engagement with our clients and their broader families. Driven by the increasing demand for diagnostic services in all markets, we rolled out more services during the year. With a wider suite of services at our disposal, we could upsell our services during the year and offer product and service bundles to our clients, as well as market the services through our doctor networks. Despite the pandemic, our revenue from diagnostics grew 69.8% year-on-year.

With COVID-19 accelerating the push towards digital transformation and creating an increasingly technologically-savvy population, the Group has ventured into digital healthcare to better service and empower clients, as well as reduce inefficiencies and costs in service delivery.

Over the years, advances in stem cell research have led to the development of cellular therapies, which brings great promise to support a wide range of conditions such as stroke, spinal cord injury and autism. Mesenchymal stem cells ("MSC") are extensively studied because of their therapeutic potential in regenerative medicine, owing to their unique ability to self-renew and differentiate into various cell types. To help families preserve their baby's MSC derived from cord tissue, Cordlife Philippines launched the country's first MSC banking service in September 2020.

The service is made available through a partnership with Makati Medical Center's Center for Regenerative Medicine ("MMC-CRM"). MMC-CRM provides viable alternative or adjunct cutting-edge stem cell treatment for chronic, autoimmune, and degenerative diseases.

This is a huge milestone for us. With the rising affluence of consumers and increasing health consciousness among young couples today, this bodes well for our business in the Philippines.

In Malaysia, our majority owned subsidiary Stemlife Malaysia received The BrandLaureate World's e-Branding Award – Brand of the Year 2020 in Innovation Stem Cell Solutions from The World Brands Foundation ("TWBF"). TWBF seeks to promote brands and recognise a company's significant brand achievements during these challenging times. Stemlife Malaysia was recognised for its efforts in accelerating the implementation of its digital transformation strategy to stay ahead of the curve.

### MAINTAINING SUPERIOR QUALITY

Here at Cordlife, we take pride in providing world-class quality and reliable services to our clients, wherever we operate. Quality endorsements help build customer confidence and ensure that the biological materials stored by us are of the highest standards to support cellular therapy anywhere in the world.

In February, our cord blood banking facility in Singapore attained the AABB accreditation for the seventh time since its first accreditation in 2005. Stemlife Malaysia, Cordlife Hong Kong and Healthbaby Hong Kong also had their facilities re-accredited during the year. These endorsements demonstrate Cordlife's robust medical competency and technical capabilities, affirming our commitment to quality for safe patient and donor care. Aside from AABB accreditation, Cordlife Singapore and Healthbaby Hong Kong are also FACT-accredited.



This gives the Group the distinction of operating two of the eight private cord blood banking facilities in the world to be accredited by both AABB and FACT. All our facilities are accredited by AABB, with several also accredited by other leading standards organisations, such as FACT, ISO and CAP.

## MOVING FORWARD

Looking ahead, we plan to further grow our presence as a leading company in Asia, with a holistic suite of healthcare solutions. While we have managed to establish our position in Asia, we are also looking to strengthen our market position, and expand our footprint beyond the current markets.

With penetration rates still relatively low in some of the countries that we operate in, we believe that there is a huge potential for growth in these countries as healthcare spending by the progressive middle and affluent classes is on the rise. We will continue with our efforts to grow our product and service portfolio.

The COVID-19 pandemic has pushed the world into a new normal, prompting a digital revolution. Thus, we are expanding our online presence by accelerating our implementation of an electronic enrolment platform as our banking clients are now more receptive to online consultation. This platform coupled with our other online initiatives will allow us to reach a wider audience for awareness building. We are working closely with financial institutions and introducing more payment plans to cater to the needs of our clients.

At the same time, our various country heads are proactively working to develop an ecosystem, with doctors and hospitals in their respective countries to encourage the utilisation of stem cells. As the interest in stem cell therapy grows, we believe that our banking business will be a primary beneficiary.

Consistent with our plan to stay agile in an increasingly technologically-savvy population and to maintain our competitiveness in the industry, we launched our mobile application, Moms Up in the Philippines, Malaysia and Indonesia during the second half of 2020. Plans are underway to launch Moms Up in the rest of our markets. As we continue building up the content base and the digital capabilities to the platform, we are confident that Moms Up can potentially generate new revenue streams for us in the near future.

The efforts put in by our Singapore team have finally come to fruition with the issuance of a licence from Singapore Ministry of Health, permitting us to launch OptiQ, a corneal lenticule banking service. Launched formally in March 2021, this service is designed for patients undergoing certain refractive eye surgery using lenticule extraction method (e.g. SMILE) for myopia or astigmatism. Early animal and human studies have shown that corneal lenticules may help to correct presbyopia and hyperopia (long-sightedness) as well as certain ocular conditions. Presently, corneal lenticules extracted during such surgeries are routinely thrown away. With OptiQ, patients can opt to cryopreserve their lenticules for future use.

Once lenticule implantation is approved as a standard of care, patients who have stored their own lenticules will have additional vision correction options.

We believe that the potential of OptiQ is big as myopia is an extremely common refractive error in Singapore with 82% of the 20-year-olds suffering from this condition - one of the highest in East Asia. We hope to roll out OptiQ in other countries so that patients outside of Singapore can also benefit from corneal lenticule banking.

On the operations front, as we continue to ramp up new revenue channels, we will review and streamline our business processes and corporate structure to enhance the Group's efficiency. In the past years, we brought some previously outsourced functions back into the Group and facilitated collaboration among the different markets, which produced significant cost savings. We will continue to leverage on the competencies within the Group and seek further opportunities to exploit economies of scale across the Group.

While the global economy is still expected to be uncertain in the coming months, the distribution and rolling out of vaccines for COVID-19 have been positive with many countries planning to fast-track the vaccination process. However, this requires some time and we remain cautiously optimistic about the situation. We have been setting the groundwork and fostering positive relationships with our partners to introduce more diagnostic services relating to the mother and child segment in our markets. We believe that these will set the path for us in growing a resilient business.

Though we have discontinued the discussions in relation to the proposed acquisition of GCBC, we will continue to review any opportunities to add to the Group's revenue and earnings growth while remaining prudent. We will seek out targets that are synergistic to our existing businesses and can provide a competitive edge over other market players.

## APPRECIATION

On behalf of the Board of Directors, I would like to express my deepest appreciation to our clients and business partners for their loyalty and faith in us as well as our management team and staff for their dedication and commitment towards our business through this very trying times. I would also wish to extend my sincere appreciation to our shareholders for their unwavering trust in the Group as we forge ahead and continue weathering challenges to create long-term value for all stakeholders.

## MS TAN POH LAN

*Executive Director and Group Chief Executive Officer*

# OUR GUIDING PRINCIPLES AND VALUES

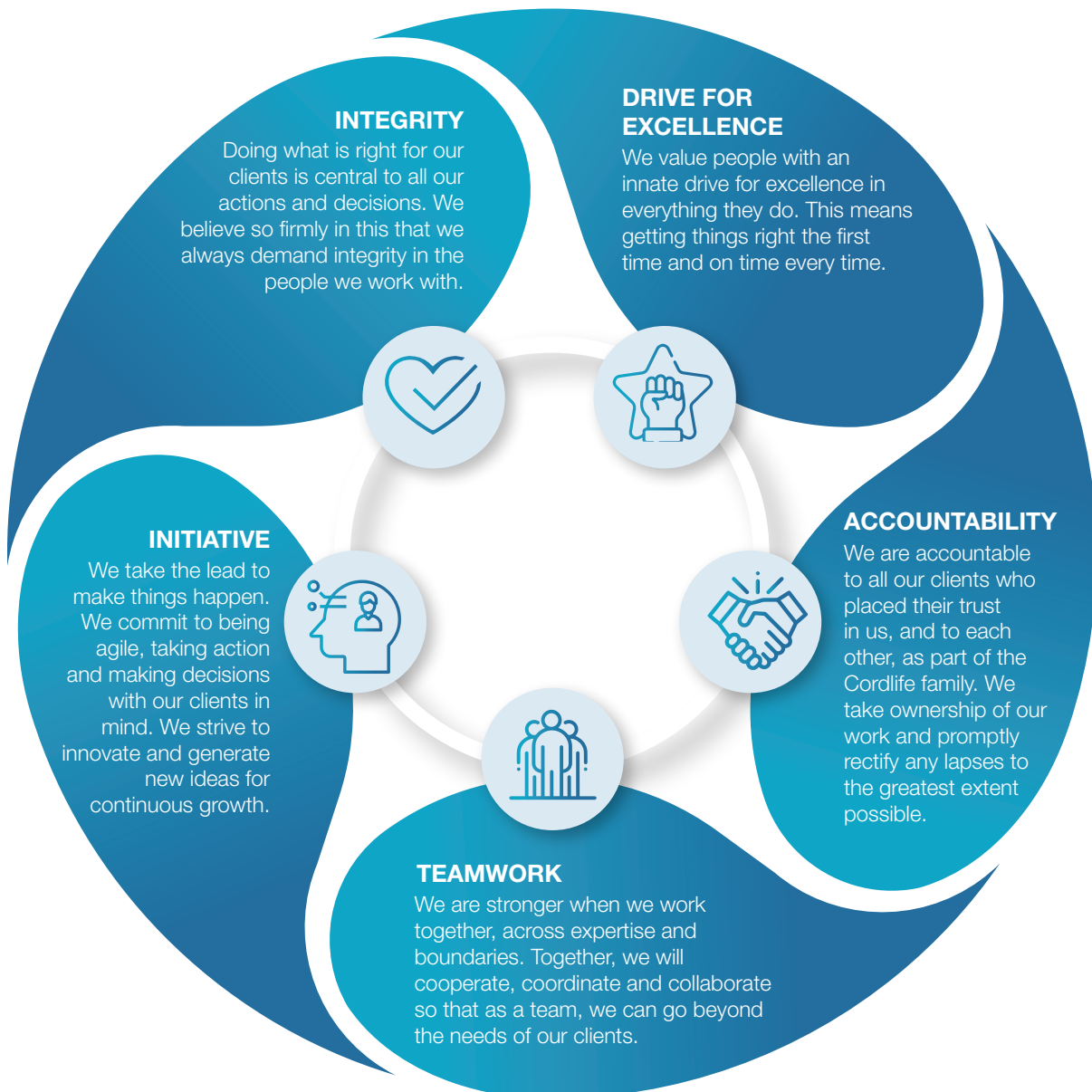
These are our guiding principles that underpin how we will continue to achieve business growth and success in our key markets.

## Helping people live healthier, happier and longer

The cornerstone of our success has been, and will always be, passion. Passion drives everything we do. We believe what we can truly help save lives. One of the most satisfying moments was when we released our first cord blood unit for a transplant in Singapore in 2002. Since then, we have released many stem cell units for medical use. Each successful release is a momentous experience, which we celebrate with the family. While we initially exist to provide cord blood banking services to enable stem cell transplants and regenerative medicine, we have since evolved beyond cord blood banking, with the ultimate aim of helping people live healthier, happier and longer.

## We are Cordlife

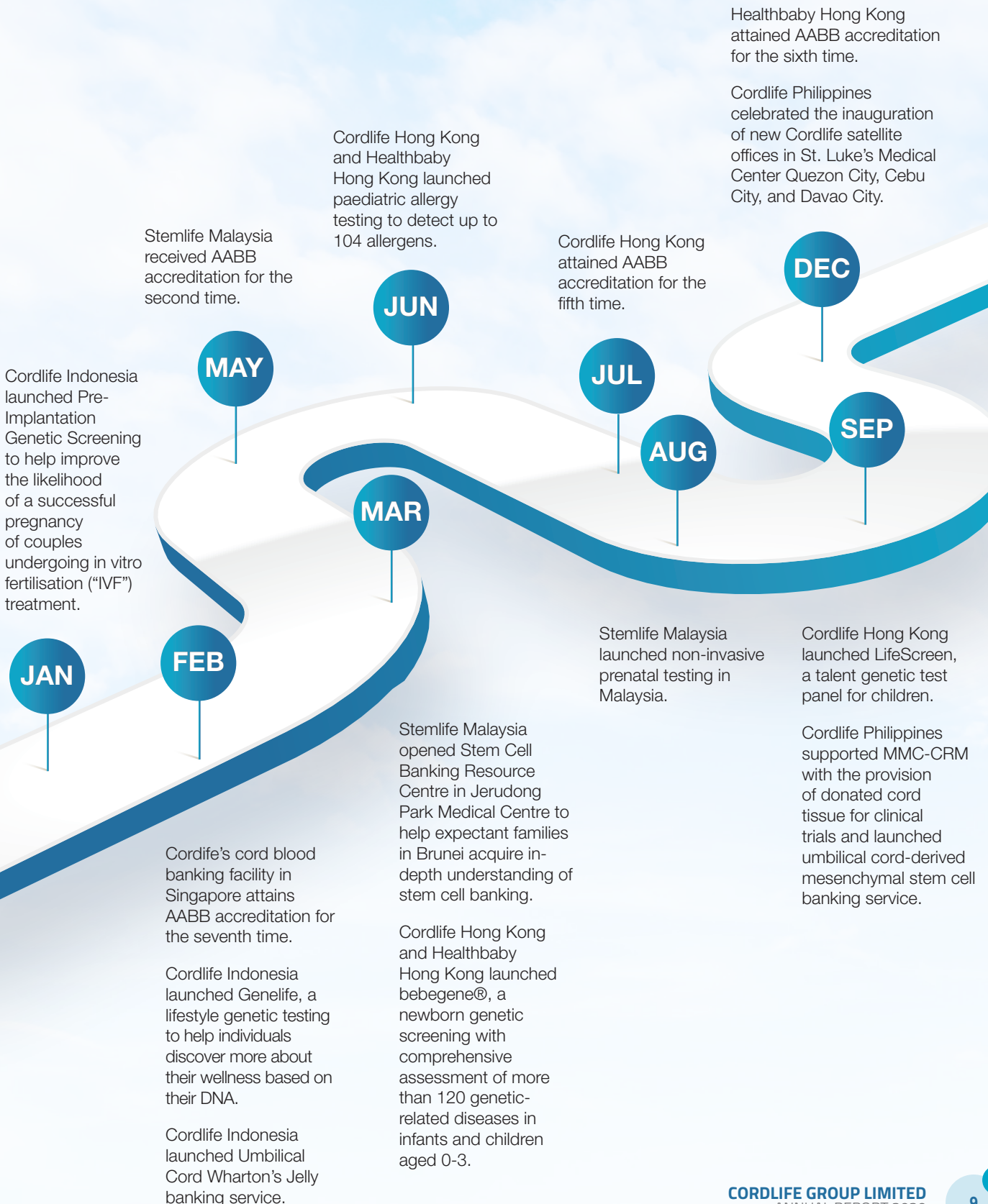
Our people are our greatest asset. We recognise and nurture our high performers, and reward them accordingly. We are also focused on developing key managerial competencies for quality standards, clinical advancements, succession planning and strategy formulation and execution.



# OUR MILESTONES AND ACHIEVEMENTS

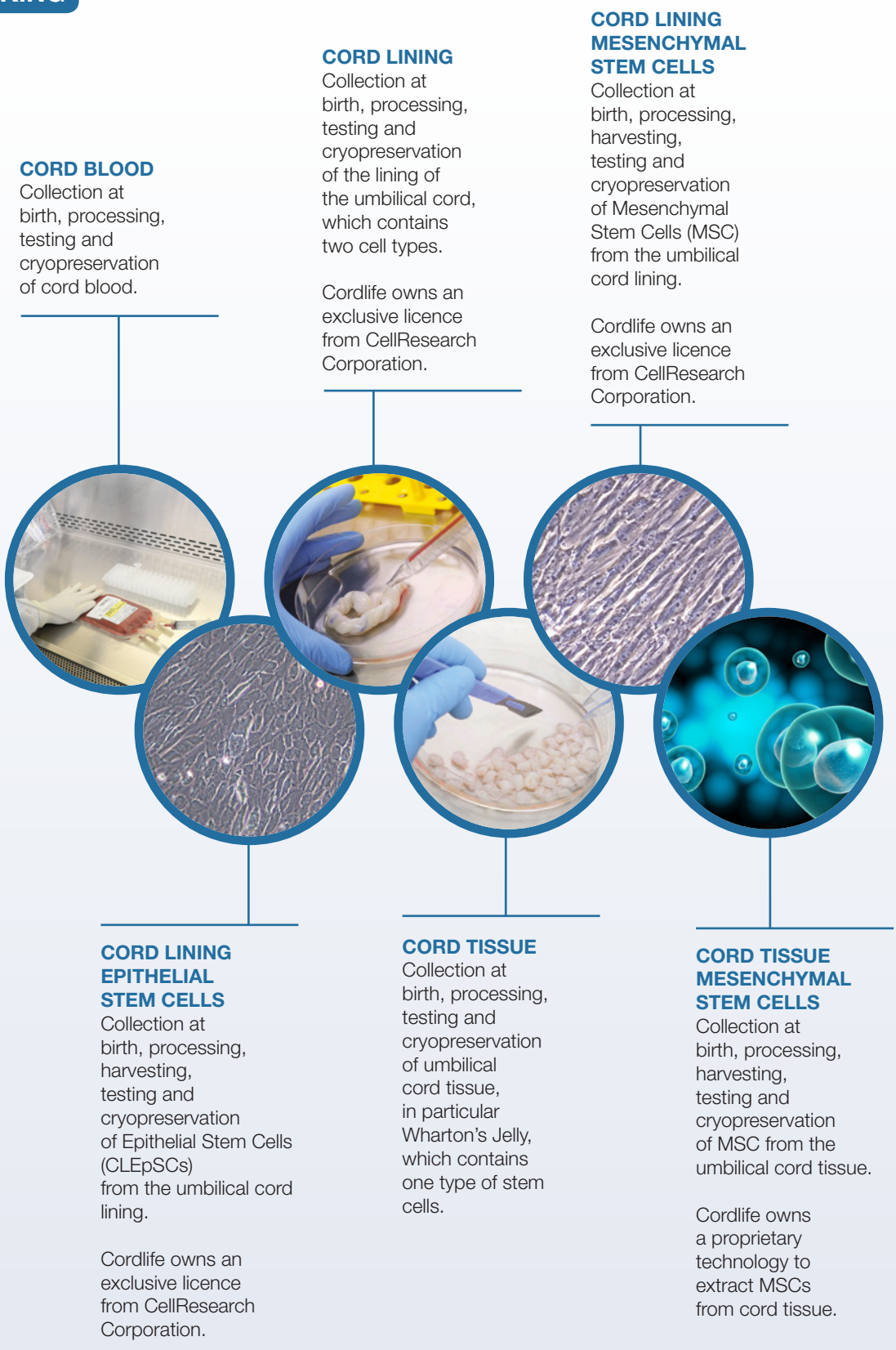
## CELEBRATING 20 YEARS OF QUALITY CORD BLOOD BANKING AND MORE...

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 done in the year.



# OUR SERVICES AT A GLANCE

## BANKING



**DIAGNOSTICS**

**PREIMPLANTATION  
GENETIC  
SCREENING**

A screening test performed to help 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 identify the best time for embryo implantation to increase the success rate of IVF treatment.

**NON-INVASIVE  
PRENATAL TESTING**

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

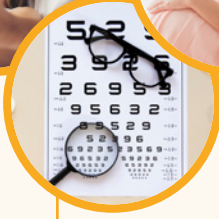
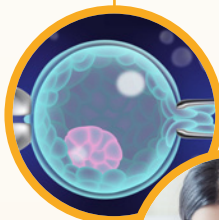
**NEWBORN  
METABOLIC  
SCREENING**

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

**DIGITAL  
HEALTHCARE**

**MOMS UP**

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



**NEWBORN  
GENETIC  
SCREENING**

A non-invasive screening for chromosomal abnormalities and gene variants connected to more than 120 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 from as young as 6 months old.

**PAEDIATRIC  
ALLERGEN TEST**

A test designed to detect up to 104 allergens in children.

**GENETIC TALENT  
TEST**

A non-invasive genetic test to scientifically assess certain innate abilities and personality traits of a child to help parents understand the genetic potential of their child. The test also analyses the child's predisposition to certain conditions such as shortsightedness, atopic eczema and rhinitis.

**LIFE SPROUTS**

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

**OTHERS**

# FINANCIAL AND OPERATIONS REVIEW

## REVENUE

The Group's services were classified as essential by local health regulators and with proper hygiene protocols in place, core operations could continue during the year despite the movement limitations and safe distancing measures imposed in most of the Group's operating markets.

However, COVID-19 had affected the demand for the Group's banking services. Consumers were tighter with their spending, and in some of the regions where the Group operates, movement limitations and border restrictions made service delivery even more challenging. In spite of that, the Group managed to reconfigure its business processes and implemented digital initiatives to engage with potential clients. In FY2020, revenue decreased by 17.8% or S\$11.0 million from S\$61.6 million in FY2019 to S\$50.6 million.

New cord blood, cord lining and cord tissue samples processed and stored decreased by 23.2% from 26,700 in FY2019 to 20,500 in FY2020. The decrease in revenue due to 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. As a result, the Group's revenue for cord blood, cord lining and cord tissue banking dropped by 20.1% to S\$48.0 million in FY2020, compared to S\$60.0 million in FY2019.

The Group also ramped up its diagnostic service offerings, which grew 69.8% or S\$1.1 million from FY2019 to FY2020. The increase is in particular attributable to the increase in prenatal testing services offered by the Group.

## OTHER OPERATING INCOME

Other operating income increased by S\$2.0 million from S\$0.9 million in FY2019 to S\$2.9 million in FY2020, as a result of government grants received in Singapore, Hong Kong and Malaysia of approximately S\$2.1 million in connection with the COVID-19 pandemic.

## OPERATING EXPENSES

Selling and marketing expenses decreased by 15.9% or S\$3.5 million in FY2020 compared to FY2019. Advertising and promotion expenses decreased by about S\$2.0 million 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 its outreach to increase awareness of its product and service offerings.

The decrease was also partly due to lower travel and transportation expenses of approximately S\$0.7 million as a result of travel restrictions and the implementation of a group-wide policy to reduce business travel to safeguard the well-being of employees during the pandemic. The decrease in selling and marketing expenses was also due to lower commission expenses of approximately S\$0.6 million as a result of a decline in new client acquisitions.

Administrative expenses decreased by S\$1.7 million or 8.2% in FY2020 compared to FY2019. The decrease was mainly attributed to lower staff-related expenses and share grant expense amounting to approximately S\$1.6 million and S\$0.5 million respectively in FY2020 compared to FY2019. In view of the impact of the COVID-19 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 FY2020 compared to FY2019, 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\$388,000 from FY2019 to FY2020. Legal and professional fees decreased by S\$271,000, partly due to fees incurred for corporate projects in FY2019. There were no such fees incurred for FY2020.

The decrease in expenses was offset by an increase in impairment loss on trade receivables of approximately S\$0.6 million in FY2020 compared to FY2019 mainly due to additional allowance for doubtful debts recognised in Singapore, Hong Kong and Malaysia. The Group also recognised impairment loss on non-trade receivables due from a third party in its India subsidiary in FY2020 of S\$255,000. No such impairment loss was made in FY2019.



## NON-OPERATING EXPENSES AND ITEMS

Certain property units owned by the Group in Singapore and Malaysia have been designated as investment properties. These properties are allocated to either be leased to third parties to generate rental income or for capital appreciation. Based on assessments by independent professional valuers, the Group recognised a fair value loss of S\$194,000 on its investment properties held in Singapore and Malaysia for FY2020. In FY2019, the Group recognised fair value loss of S\$326,000 on its investment properties held in Malaysia.

The Group holds a 39.61% stake in Thai Stemlife Co., Ltd ("TSL"), which provides cord blood banking services in Thailand through its subsidiary, Stemlife Berhad. The investment in the associate was fully impaired prior to the consolidation of Stemlife Berhad in December 2015, as the associate was loss-making at the time. The Group has reversed the impairment in FY2020 and recognised a reversal of impairment loss on investment in associate of S\$386,000 as TSL has shown sustained profitability in recent years. The Group has also recognised the share of profit of associate of S\$367,000 in FY2020. There was no share of profit of associate recognised in FY2019.

## PROFITABILITY AND MARGINS

Gross profit margin saw a decrease of 1.8 percentage points from 64.5% in FY2019 to 62.7% in FY2020. This is partly due to the increase in diagnostic services, which generally has a lower gross profit margin as well as a drop in volume, resulting in lower economies of scale on fixed costs. As a result of the above, excluding non-operating expenses and items, the pre-tax operating profit for FY2020 stands at S\$7.0 million, recording a 6.7% decrease over FY2019.

The Group recorded a net profit attributable to shareholders of S\$6.6 million, representing a 1.4% growth from S\$6.5 million recorded in FY2019.

## FINANCIAL POSITION AND CASH FLOWS

The Group maintained a strong balance sheet, with cash and cash equivalents, fixed deposits and short-term investments of S\$75.2 million as at 31 December 2020, as compared to S\$54.0 million as at 31 December 2019. The increase was mainly due to net cash generated from operating activities of S\$15.9 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\$1.4 million under cash flow from investing activities as well as dividend payment of S\$2.5 million and repayment of interest-bearing borrowings of S\$310,000 under cash flows used in financing activities.

In FY2020, the net cash generated from operating activities of S\$15.9 million was a 37.0% increase from S\$11.6 million generated in FY2019. Net cash generated from operating activities comprised mainly operating cash flows before movements in working capital of S\$3.0 million, net interest received of S\$10.2 million, net working capital inflow of S\$3.4 million offset by income tax paid of S\$0.8 million.

## KEY CORPORATE DEVELOPMENTS

The Group's majority owned subsidiary in Malaysia, Stemlife Malaysia, was awarded The BrandLaureate World's e-Branding Award – Brand of the Year 2020 under the category of Innovation Stem Cell Solutions. The award, organised by TWBF, seeks to promote brands and recognise a company's significant brand achievements during these challenging times. Stemlife Malaysia's efforts in accelerating the implementation of its digital transformation strategy was recognised by TWBF. The Group understands the importance of being technology-savvy in an increasingly digital world, and has utilised virtual tools to engage expectant parents and healthcare providers.

In September 2020, the Group's subsidiary Cordlife Philippines announced its full support for MMC-CRM with the provision of donated cords and the launch of MSC banking service in the Philippines. Cordlife Philippines is the first and only cord blood bank in the country to provide MSC banking service.

MMC-CRM has implemented a clinical trial to evaluate the safety and efficacy of umbilical cord tissue derived MSC for diabetic foot ulceration. Funded by the Philippine Council for Health Research and Development of the Department of Science and Technology, the trial aims to investigate whether MSC can speed up the healing of foot wounds among diabetic patients and stimulate skin regeneration and development of new blood vessels.

# FINANCIAL HIGHLIGHTS

For comparability, 12M2018 covers the 12-month financial period from 1 January 2018 to 31 December 2018. FY2018 covers the 18-month financial period from 1 July 2017 to 31 December 2018.



## 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 INVESTMENTS AND FIXED DEPOSITS



## GEARING RATIO



## NAV PER SHARE



## DIVIDEND



(\*Subject to Shareholders' Approval at the Annual General Meeting)

**GIVING BACK TO OTHERS,  
TOUCHING LIVES**

At Cordlife, we believe in the spirit of giving back to society. Apart from returning value to our shareholders, our vision maintains that we help create positive changes to people in the markets where we operate whenever possible.



**CORDLIFE DONATION DRIVE 2020**

Marking the fifth year of running the Cordlife Donation Drive, Cordlife Singapore has successfully raised over \$17,000 cash donations from employees, clients and partners over two weeks, to spread festive joy to individuals with cerebral palsy and multiple disabilities under the care of Cerebral Palsy Alliance Singapore (“CPAS”). CPAS has been actively involved in various programmes, which provide support to their beneficiaries to ensure that they are constantly involved in meaningful learning and work activities. One of their programmes, ‘Goodwill, Rehabilitation and Occupational Workshop’ is a sheltered workshop that provides vocational training and employment for their beneficiaries by involving them in social enterprise initiatives and projects. This helps develop their skills, build their self-esteem, provide an avenue for them to reach out socially to the public and enable them to be better equipped for work in open employment. CPAS also has other initiatives for infants and children with disabilities to prepare them for admission into either a Special Education school or mainstream schools by helping to nurture their skills through a balanced and structured curriculum of daily living, social skills training, therapy rehabilitation care and recreational activities at their Day Activity Centre. All proceeds raised have been channelled to help CPAS in supporting and empowering the lives of those living with cerebral palsy and disabilities for them to realise their fullest potential.





## DELIVERING HAPPINESS WITH YKAKI INDONESIAN CARE FOR CANCER KIDS FOUNDATION

In commemoration of the Leukaemia Awareness Month in September 2020, Cordlife Indonesia held an online event with Yayasan Kasih Anak Kanker Indonesia (“YKAKI”) - Indonesian Care for Cancer Kids Foundation, spreading love and happiness to children fighting cancer. YKAKI is a non-profit organisation that specialises in holistic care for cancer children who come from underprivileged families in Indonesia. Founded with the vision that every child with cancer is entitled to the best possible treatment as well as the rights to study and play, YKAKI provides shelter, education programmes and financial reliefs to help these children follow through their cancer treatment. To cheer the children up and provide them with strength to keep fighting especially during these tougher times of the COVID-19 pandemic, the online event showcased a compilation video from children in YKAKI about their dreams as well as a session by the staff of Cordlife Indonesia on their experiences and stories in helping children achieve those dreams. Under the theme of #DeliverHappiness, a love letter containing warm and encouraging messages was also presented. Staff from Cordlife Indonesia and YKAKI also donated cash and toys to support YKAKI in its operations and enable their beneficiaries to lead healthier and happier lives.

## INSPIRING MOTHERS DURING DIFFICULT TIMES

To celebrate World Cord Blood Day in November 2020, Cordlife Philippines conducted a webinar themed “Pandemic MOMents: Real-life Stories of Pregnancy and Cord Blood Banking”, which aimed to provide support to expectant mothers during these difficult times. The webinar, which was attended by over 100 attendees, encompassed talks by professionals to manage pregnancy during a pandemic and the importance of cord blood banking, followed by a sharing session from various mothers and celebrities about their experiences of childbirth and cord blood banking. Other mothers who had previously given birth and stored their baby’s stem cells also shared their journey and answered questions that current expectant mothers had. Cordlife Philippines hopes that such online initiatives during this unprecedented time will continue to provide support and encouragement to all expectant mothers.

## BOARD OF DIRECTORS



**Dr Ho Choon Hou**

*Acting Chairman and Independent Director*

Dr Ho Choon Hou was first appointed as a Director of the Company in June 2011 and was last re-elected on 26 April 2019. He was re-designated as an Independent Director on 22 May 2018. Dr Ho was appointed as Acting Chairman of the Board in October 2020.

Dr Ho is a Managing Director at Southern Capital Group Limited, where he is responsible for the origination and execution of investments. He is also an 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).



**Ms Tan Poh Lan**

*Executive Director and Group Chief Executive Officer*

Ms Tan Poh Lan was first appointed as Group Chief Operating Officer of the Company on 12 April 2016. She was appointed as Executive Director and Group Chief Executive Officer on 28 February 2019 and was last re-elected on 12 June 2020.

Ms Tan has 30 years of extensive experience in the private and public healthcare sectors. Prior to her current portfolio, she was the Chief Executive Officer in both regional and local hospitals, namely Parkway East Hospital (formerly East Shore Hospital) and Gleneagles Hospital in Singapore, Vinmec International Hospital in Hanoi, Vietnam and Fortis Healthcare Singapore.

Ms Tan holds a Master of Business Administration from National University of Singapore and graduated with Honours in Occupational Therapy from University of Queensland, Australia.



**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 12 June 2020.

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.



**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 26 April 2019.

Mr Yeo is currently the Senior Advisor of Clermont Holdings, Healthcare Group. He 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 the 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 (Building) from Heriot-Watt University, Edinburgh, United Kingdom. He also holds a Master of Science (Project Management) from National University of Singapore.

## BOARD OF DIRECTORS



**Mr Fong Chi Wah**

*Non-Independent Non-Executive Director*

Mr Fong Chi Wah was appointed as a Non-Independent Non-Executive Director of the Company on 18 January 2019 and was last re-elected on 26 April 2019.

Mr Fong is currently the Chief Financial Officer cum Company Secretary of CityChamp Watch & Jewellery Group Limited, a company listed on the Hong Kong Stock Exchange (“HKSE”) and serves as Director of its subsidiary Bendura Bank Liechtenstein. He is also the Independent Non-Executive Director of China Youzan Limited, listed on HKSE. Previously, he was Executive Director of the National Fund Limited and Independent Non-Executive Director of Real Nutraceutical Group Limited. Both companies were also listed on HKSE.

Mr Fong has over 25 years of extensive experience in various sectors of the financial industry including direct investment, project and structured finance and capital markets. He has worked for renowned financial corporations such as KPMG, the American International Group (“AIG”) in Asia, and the ING Group in Beijing and Hong Kong. In his last position within the ING Group, he served as a Director of the Baring Capital (China) Management Limited that managed ING Beijing Investment Co., Ltd., a company listed on the HKSE.

Mr Fong holds a Bachelor’s degree, majoring in Management Sciences (Economics) from the Lancaster University, United Kingdom. He also holds three Master’s degrees including a Master of Business Administration from the Warwick University, United Kingdom, a Master’s degree in Investment Management from the Hong Kong University of Science and Technology, and a Master’s degree in practicing accounting from the Monash University, Australia. He has a Doctorate in Business Administration from the Hong Kong Polytechnic University and is a Juris Doctor from the Chinese University of Hong Kong. He is a CFA charterholder, a member of the Hong Kong Society of Financial Analysts, a fellow of the CPA (Australia), a fellow of the HKICPA, a member of the Institute of Certified Management Accountants, Australia, and a fellow of the Hong Kong Institute of Directors.



**Ms Wang Lin**

*Non-Independent Non-Executive Director*

Ms Wang Lin was appointed as a Non-Independent Non-Executive Director of the Company on 13 November 2019 and last re-elected on 12 June 2020.

Ms Wang Lin has more than 10 years of experience in the pharmaceutical industry, specialising in business management. She is currently the Deputy General Manager of Findgene, the fifth largest gene testing & diagnostic company in China with businesses in birth defects genetics and cancer genetics areas. Prior to joining Sanpower Group Corporation, she was the Senior Consultant of IMS Health (Singapore) and McKinsey & Co. (Shanghai).

Ms Wang obtained her Bachelor of Bioengineering from East China University of Science and Technology. She also holds a Master of Business Administration from INSEAD and a Master’s degree in Finance from the University of Bath.



**Mr Chang Chien**

*Non-Independent Non-Executive Director*

Mr Chang Chien was appointed as a Non-Independent Non-Executive Director of the company on 12 December 2019 and last re-elected on 12 June 2020.

Mr Chang Chien is currently the Director of Citichamp (Holdings) Limited, where he manages and oversees the company's investment portfolios, operation, business development and corporate compliance agendas. Citichamp (Holdings) Limited is a large multi-national conglomerate that integrates the capital, talents and know-how to manage investments in Asia. He is also the Director of Outward Shine Limited.

Prior to joining Citichamp (Holdings) Limited, he was a Deputy General Manager and Responsible Officer under Securities and Futures Commission ("SFC") requirements at Shun Heng Securities Limited for three years. He was then appointed as the Director of the board, responsible for business operation, risk management and institutional order execution.

He continued to pursue greater heights in his career as a Sales Director in China Yinsheng International Securities Limited, where he was responsible in devising the company's business development strategies and developing long-term business relationship with clients. He was also the SFC-required Responsible Officer of China Yinsheng International Securities Limited, with the primary responsibility of managing the company's compliance with all applicable standards of conduct, including statutory requirements of the Securities and Futures Ordinance and codes issued by SFC.

Recently, he has been appointed as Executive Director of the AVIC Joy Holdings (HK) Limited (260.HK), where he is responsible to build an effective team by providing guidance and coaching to subordinate managers. Furthermore, he is also appointed as Director of Citychamp Dartong Company Limited (600067.CH), where his managerial role covers business operation, risk management and institutional order execution to make further development in China and Asia.



**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 12 June 2020.

Mr Zhai is currently the Chairman of Nanjing Cenbest Group Co., Ltd. He is also the Chairman of Dendreon Pharmaceuticals LLC, an immunotherapy company based in California US, Shandong Qilu Stem Cell Engineering, a cord blood stem cell preservation company based in China, and Natali Seculife Holdings Ltd, the largest private healthcare services company in Israel.

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 stint of six years 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, UK. In addition, he was accredited as Senior Economist by Personnel Department of Anhui Province, China and awarded Certificate of Advanced Management Programme from China Europe International Business School (CEIBS), China.

## SENIOR MANAGEMENT



**Mr Choo Boon Yong**  
*Group Chief Financial Officer*

Mr Choo Boon Yong joined Cordlife as Group Chief Financial Officer on 1 February 2017. He is responsible for the Group's finance as well as treasury functions and supports the Group CEO in achieving the Group's strategic vision. He also assists in the development of new businesses and in maintaining investor relations.

Mr Choo has over 26 years of experience in accounting, tax, corporate finance and business development in manufacturing and service industries.

Before joining Cordlife, Mr Choo was Group Chief Financial Officer of Seksun Group, where he led the finance teams in Singapore, Thailand and China. He was instrumental in implementing China GAAP reporting following the acquisition of Seksun Group by a China-listed company.

Between 2009 and 2014, Mr Choo was Executive Director of Power HF Group, covering the finance, accounting and legal functions as well as management of the India operations. He led the expansion of the India operations into a pan-India genset servicing company. Prior to this, he held various positions in Temasek Holdings, Ernst & Young and KPMG in Singapore, Hong Kong and China.

Mr Choo holds a Bachelor of Accountancy from Nanyang Technological University. He is also a Chartered Accountant of Singapore.



**Ms Thet Hnin Yi**  
*Group Finance Director*

Ms Thet Hnin Yi is responsible for management of the Group's finance operations, including statutory filings, financial audits and finance controls.

Ms Thet joined the Group in June 2011, following the Company's demerger from Life Corporation Limited ("LCL") (previously known as Cordlife Limited). She joined LCL in December 2007 as Senior Finance Manager and was appointed as Chief Financial Officer in August 2013, where she was involved in all areas of financial and accounting functions, including 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 and Training Manager, where she trained audit assistants and seniors. From 1997 to 2001, she held various positions at Tan Wee Tin & Co., her last position being Audit Supervisor, where she was responsible for auditing small and medium enterprises and 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 planning, development and implementation of the Group's marketing strategies, marketing communications and public relations activities.

Between August 2016 to June 2018, Ms Woon was the Group Director, Brand Development and Innovation and she was also responsible for the development of new products and services for the Group. Ms Woon was previously the Business Unit Director, Banking from July 2014 to July 2016, during which she was responsible for the strategic and operational aspects of Cordlife's businesses and oversaw all of the Group's banking units. She identified and implemented group-wide business growth strategies, was responsible for meeting the Group's overall financial and non-financial goals, and ensuring adherence to quality policies and objectives. She joined Cordlife Limited (now known as LCL) in October 2006 as Regional Marketing Manager.

Prior to joining LCL, Ms Woon was the Country Marketing Manager of Singapore and Malaysia at California Fitness and the Head of Communications Centre at National Kidney Foundation.

Ms Woon holds a Master of Business Administration from Nanyang Technological University and a Bachelor of Science (Marketing) from the University of Wales. She also completed the Advanced Management Program at University of California, 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 nonfinancial goals.

Ms Tan joined LCL as 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 installation of quality management systems for ISO9001 certification. She has since taken on various regional operations, business development and management roles at Cordlife, including 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.

## SENIOR MANAGEMENT



### **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 job scope includes structuring of the organisation matrix, building of new capabilities in alignment with strategic business direction as well as creation of a strong organisational culture.

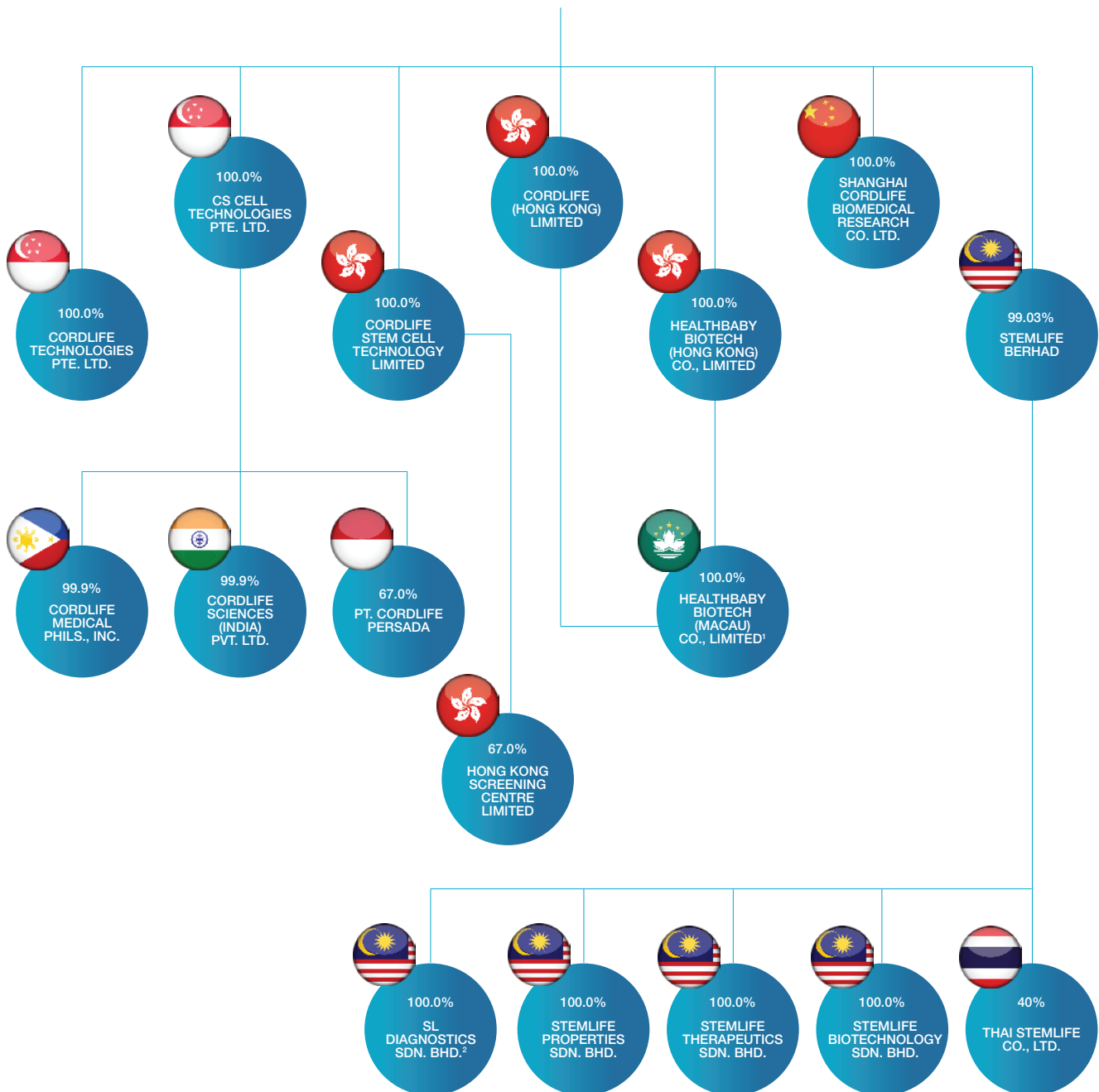
Ms Lee joined our Group in June 2011 as Deputy General Manager, following the demerger of our Company from LCL. She was appointed as Deputy Director, Organisation Development in August 2013, before being promoted to Director, Organisation Development, in February 2014. Ms Lee had joined LCL in September 2004 as a Client Relations Executive. Subsequently, she rose to become Head of Business, 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 National University of Singapore, Paediatrics Department.

Ms Lee obtained her Bachelor in Economics from Murdoch University in April 2014 and a MBA from Nanyang Technological University, Nanyang Business School in July 2016. She also graduated with a Graduate Diploma in Organisational Psychology from 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 MBTI and Firo B instruments.



## CORDLIFE GROUP LIMITED



1 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.

2 SL Diagnostics Sdn. Bhd. was struck off on 9 February 2021.

# 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 2020 (“FY2020”). 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 FY2020.

## 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, which 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 the 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, audio visual 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 on each Board Committee, including the composition and terms of reference, can be found subsequently in this Report.

The current 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	Board	ARC	RC	NC
Dr Ho Choon Hou	Acting Chairman and Independent Director	Member	Chairman	Member
Tan Poh Lan	Executive Director and Group Chief Executive Officer	N.A.	N.A.	N.A.
Joseph Wong Wai Leung	Independent Director	Chairman	N.A.	N.A.
Yeo Hwee Tiong	Independent Director	N.A.	Member	Chairman
Fong Chi Wah	Non-Independent Non-Executive Director	Member	Member	N.A.
Wang Lin	Non-Independent Non-Executive Director	N.A.	N.A.	N.A.
Chang Chien	Non-Independent Non-Executive Director	N.A.	N.A.	N.A.
Zhai Lingyun	Non-Independent Non-Executive Director	N.A.	N.A.	Member

In FY2020, a total of four (4) Board meetings were held. The table below shows the attendance of the Directors at the last AGM in 2020 and the Board and respective Board Committee meetings in respect of FY2020<sup>(1)</sup>:

Name of Director	AGM	Board	ARC	RC	NC
	No. of meetings attended				
Dr Goh Jin Hian <sup>(2)</sup>	1/1	3/3	N.A.	1/1	N.A.
Dr Ho Choon Hou <sup>(3)</sup>	1/1	4/4	4/4	N.A.	2/2
Tan Poh Lan	1/1	4/4	N.A.	N.A.	N.A.
Joseph Wong Wai Leung	1/1	4/4	4/4	N.A.	N.A.
Yeo Hwee Tiong	1/1	4/4	N.A.	1/1	2/2
Wong Christine Bei <sup>(4)</sup>	N.A.	N.A.	N.A.	N.A.	N.A.
Fong Chi Wah	0/1	4/4	3/4	1/1	N.A.
Wang Lin	1/1	3/4	N.A.	N.A.	N.A.
Chang Chien	1/1	4/4	N.A.	N.A.	N.A.
Zhai Lingyun	1/1	3/4	N.A.	N.A.	2/2

<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> Dr Goh Jn Hian stepped down as Chairman of the Board with effect from 5 October 2020 and had resigned as an Independent Director (“ID(s)”) of the Company and Chairman of the RC with effect from 15 October 2020.

<sup>(3)</sup> Dr Ho Choon Hou was appointed as Acting Chairman of the Board and Chairman of the RC with effect from 15 October 2020.

<sup>(4)</sup> Ms Wong Christine Bei resigned as a Non-Independent Non-Executive Director (“NINED(s)”) of the Company with effect from 14 January 2020.

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 includes 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. All the Directors were also given the opportunities to visit the Group’s operational facilities and to interact with members of the Management team.

# CORPORATE GOVERNANCE REPORT

In FY2020, 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, Chapter 50, Listing Rules, Code of Corporate Governance 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 a Director of the Company, expenses were borne by the Company.

## Principle 2: Board Composition and Guidance

As at 31 December 2020, the Board comprised eight (8) Directors of whom one (1) was Executive Director (“ED”(s)), four (4) were NINEDs, and three (3) were 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 more than 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 judgment 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 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 be generally be deemed significant.

The NC reviewed the independence of Dr Ho Choon Hou, Mr Joseph Wong Wai Leung and Mr Yeo Hwee Tiong. 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 judgment with a view to the best interests of the Company, and they had exercised objective judgment on corporate affairs independently from Management. Mr Yeo Hwee Tiong, who is the Chairman of the NC, had abstained from deliberation on his own independence.

Pursuant to Rule 210(5)(d)(iii) of the Listing Manual of the SGX-ST, which would take effect from 1 January 2022, any ID who has served on the Board beyond nine years from the date of their first appointment will not be considered an ID on 1 January 2022 unless their appointment as an ID is approved in separate resolutions at the forthcoming AGM by: (a) all shareholders; and (b) shareholders, excluding the Directors, the Group Chief Executive Officer (“GCEO”) and their associates. Dr Ho Choon Hou has served as a Director of the Company for more than 9 years and he would be considered non-independent with effect from 1 January 2022 or when there are changes in circumstances that warrant him to be non-independent.

The Company is currently looking at appointing an additional ID to the Board and is looking for suitable candidates. The Board will make the necessary announcement when the appointment is confirmed.

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.

The Board has three (3) Directors with medical and healthcare backgrounds, which are relevant to the business of the Company. They are Dr Ho Choon Hou, Mr Yeo Hwee Tiong and Ms Tan Poh Lan. All three of them have extensive experience in managing healthcare companies. Mr Zhai Lingyun brings with him vast experience in the biomedical and pharmaceutical industry and Ms Wang Lin has vast experience in consulting for healthcare businesses and hospital management, which is also relevant to the Company's business. Mr Joseph Wong brings with him accounting and corporate finance experience. Mr Fong Chi Wah has extensive experience in the finance and capital markets industry. Mr Chang Chien has a broad experience in compliance and risk management as well as formulation of business development strategies.

The Board is led by Dr Ho Choon Hou (previously Dr Goh Jin Hian, until he stepped down as Chairman on 5 October 2020), 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, 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 in having two (2) female Directors on the Board. The Company does not have a written Board Diversity Policy. The composition of the Board is reviewed at least annually, or as and when appropriate by the NC 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 18 to 21 of this Annual Report.

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 FY2020 without the presence of Management (including the ED), to discuss matters relating to the Company and Management performance.

The Company was listed on the SGX-ST on 29 March 2012 and save for Dr Ho Choon Hou, none of the IDs had served on the Board for more than nine years as at the date of this Report.

### **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 role of the Chairman and the GCEO of the Company are undertaken separately by Dr Ho Choon Hou (as Acting Chairman) and Ms Tan Poh Lan respectively.

The Acting Chairman, Dr Ho Choon Hou, is an ID. He 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 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.

Ms Tan Poh Lan is the ED and GCEO of the Company. She 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
Dr Ho Choon Hou (Acting Chairman of the Board and ID)	- Member
Zhai Lingyun (NINED)	- Member

# CORPORATE GOVERNANCE REPORT

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. 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
5. 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 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 through engaging of professional firms and recommendations by Directors, Management and shareholders. The NC assesses the suitability of the potential candidates by evaluating the candidates' skills and knowledge. 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, Dr Ho Choon Hou, Mr Yeo Hwee Tiong and Mr Fong Chi Wah shall retire by rotation at the Company's forthcoming AGM. Being eligible, all three had offered themselves for re-election.

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 and 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 representation which 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, and each Director's performance is also evaluated on the basis of 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 18 to 21 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 by 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 on a private and confidential basis for 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 2021 and the results have been presented to the NC on 1 March 2021 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 FY2020.

The NC is also satisfied that sufficient time and attention have been given by the Directors to the affairs of the Company, notwithstanding that some of the directors have multiple board representations. Based on the internal and external assessment, 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.

## 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. All Directors are provided with 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 and/or her assistant attend all 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 (Chapter 50 of Singapore), the Listing Manual of the SGX-ST ("Listing Manual") and all other relevant rules and regulations which are applicable to the Company. Any decision to appoint or remove the Company Secretary can only be taken by the Board as a whole.

If the Directors need independent professional advice to fulfill 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:-

Dr Ho Choon Hou (Acting Chairman of the Board and ID)	- Chairman (Appointed on 15 October 2020)
Yeo Hwee Tiong (ID)	- Member
Fong Chi Wah (NINED)	- Member
Dr Goh Jin Hian (Chairman of the Board and ID)	- Chairman (Resigned on 15 October 2020)

# CORPORATE GOVERNANCE REPORT

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 ED, GCEO and other key management executives;
3. ensuring a formal and transparent procedure for developing 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 EDs 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 fulfillment of performance indicators in accordance with the rules set out under such plans.

## **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 EDs, 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 EDs.

The compensation structure is designed to ensure that the level and mix of remuneration is competitive, relevant and appropriate in finding a balance between current and long-term compensation. The Company has in place the following incentive plan in FY2020:-

### **Share Grant Plan**

At an Extraordinary General Meeting ("EGM") 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, which 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 FY2020 are as follows:-

## *Performance Share Award*

The FY2020 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: and
- Non-financial KPIs including, but are not limited to, quality standards, customer service standards, people objectives and 360-degree 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 balance of the award vesting one year later.

## *Restricted Share Award*

The FY2020 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 balance of the award vesting at the end of the third year.

No contingent shares were granted in FY2020 to employees of the Company under the Restricted Share Award.

## 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 and making any recommendation and/or participating in any deliberation in respect of his or her own remuneration.

The NINEDs namely, Mr Fong Chi Wah, Ms Wang Lin, Mr Chang Chien and Mr Zhai Lingyun, who were nominated to the Board by the substantial shareholders, had agreed to waive their Directors' fee. No Directors' fee had been paid or would be paid to any of the NINEDs in FY2020 and for the financial year ending 31 December 2021.

Except for the SGP, the Board has not introduced any contractual provisions to allow the Company to reclaim incentive components from its EDs 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 FY2020 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	ED & GCEO	70	26	—	4	—	100

Directors		Salary (S\$)	Bonus (S\$)	Other short-term benefits (S\$)	Allowances (S\$)	Fees (S\$)	Total (S\$)
Dr Goh Jin Hian <sup>(1)</sup>	Chairman, ID	—	—	—	—	92,356	92,356
Dr Ho Choon Hou	Acting Chairman, ID	—	—	—	—	100,000	100,000
Joseph Wong Wai Leung	ID	—	—	—	—	83,000	83,000
Yeo Hwee Tiong	ID	—	—	—	—	83,000	83,000
Wong Christine Bei <sup>(2)</sup>	NINED	—	—	—	—	—	—
Fong Chi Wah <sup>(3)</sup>	NINED	—	—	—	—	—	—
Wang Lin <sup>(3)</sup>	NINED	—	—	—	—	—	—
Chang Chien <sup>(3)</sup>	NINED	—	—	—	—	—	—
Zhai Lingyun <sup>(3)</sup>	NINED	—	—	—	—	—	—

<sup>(1)</sup> Dr Goh Jin Hian stepped down as Chairman of the Board with effect from 5 October 2020 and had resigned as ID of the Company with effect from 15 October 2020.

<sup>(2)</sup> Ms Wong Christine Bei has agreed to waive her Director's fees for FY2020 and had resigned as NINED of the Company with effect from 14 January 2020.

<sup>(3)</sup> Mr Fong Chi Wah, Ms Wang Lin, Mr Chang Chien and Mr Zhai Lingyun had agreed to waive their Director's fees for FY2020.

The remuneration of the ED and GCEO 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.

The remuneration of the top five (5) key management personnel (excluding the ED and GCEO) is disclosed in the table below:

KEY EXECUTIVES		Salary (%)	Bonus (%)	Allowances (%)	Fees (%)	Total (%)
<b>S\$250,000 to S\$500,000</b>						
Choo Boon Yong	Group Chief Financial Officer ("GCFO")	92	4	4	—	100
Thet Hnin Yi	Group Finance Director	70	27	3	—	100
<b>S\$250,000 and below</b>						
Jamie Woon Geok Peng	Group Director – Brand	74	21	5	—	100
Stella Lee Mei Suan	Group Director – Organisational Development	72	23	5	—	100
Tan Huiying	Group Director – Quality and Operations	70	25	5	—	100

For FY2020, the aggregate total remuneration paid to the top five (5) key management personnel, (excluding the ED and GCEO) amounted to S\$1,374,000 (FY2019: S\$1,563,000).

For FY2020, there was no termination, retirement and post-employment benefits granted to the Directors (including the ED and GCEO) and top five (5) key management personnel other than the standard contractual notice period termination payment in lieu of service in respect of management employees.

There are no employees of the Company who are immediate family members of a Director (including the ED and GCEO).

## ACCOUNTABILITY AND AUDIT

### Accountability

In presenting the annual and quarterly financial statements and announcements of 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.

For FY2020, the Board has received written assurance:-

- (a) from the GCEO and GCFO that, as at FY2020, 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.

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 to 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 the Group's internal controls addressing key financial, operational, compliance and information technology controls, and risk management systems were adequate and effective for the financial year ended 31 December 2020.

### Principle 10: Audit and Risk Committee

The ARC, regulated by a set of written terms of reference, comprises three (3) Directors, all of whom are Non-Executive and the majority of whom, including the Chairman of the ARC, are independent:-

Joseph Wong Wai Leung (ID)	- Chairman
Dr Ho Choon Hou (Acting Chairman of the Board and ID)	- Member
Fong Chi Wah (NINED)	- Member

# CORPORATE GOVERNANCE REPORT

The functions of the ARC include, amongst others:

- i. reviewing the significant financial reporting issues and judgments so as to ensure the integrity of the financial statements and any formal announcements relating to financial performance;
- ii. reviewing the scope and results of the audit and its cost effectiveness, and the independence and objectivity of the external auditors;
- iii. 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;
- iv. reviewing the quarterly, half-yearly and annual financial statements and results 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;
- v. reviewing the effectiveness and adequacies of the Group's internal controls and procedures, including accounting and financial controls and procedures and ensure 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);
- vi. reviewing any interested person transactions to ensure that procedures are followed in accordance with the internal control measures which the Group has adopted;
- vii. 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;
- viii. commissioning of an audit of the internal control and accounting systems of the Group until such time 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);
- ix. making recommendations to the Board on the appointment or re-appointment of the external auditors and matters relating to resignation or dismissal of the auditors, and approving the remuneration and terms of engagement of the external auditors;
- x. reviewing and approving transactions falling within the scope of Chapter 9 and Chapter 10 of the Listing Manual (if any);
- xi. reviewing any potential conflicts of interest;
- xii. reviewing the adequacy of potential business risk management processes;
- xiii. reviewing and approving all hedging policies and instruments (if any) to be implemented by the Group;
- xiv. undertaking such other reviews and projects as may be requested by the Board and report to the Board its findings from time to time on matters arising and requiring the attention of the ARC;
- xv. reviewing and establishing procedures for 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
- xvi. 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.

# CORPORATE GOVERNANCE REPORT

Apart from the duties listed above, the ARC is also authorised by the Board to investigate into 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, or failure of internal controls or infringement of any Singapore law, rules or regulations, which 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 in.

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 FY2020. These meetings were attended by the GCEO, the GCFO, the Group Finance Director, 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 Directors and Management. The last private session was held on 1 March 2021.

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 FY2020 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 FY2020 prior to its recommendation to the Board for approval.

The total amount of audit fees paid to KPMG during FY2020 is S\$496,000 out of which S\$451,000 was for audit services and S\$45,000 was for non-audit services. Non-audit fees accounted for 9.1% of total audit fees in FY2020. The ARC, having reviewed the fees paid to KPMG for non-audit services, is satisfied with the independence and objectivity of KPMG as external auditor of the Group for FY2020.

To keep abreast of changes to the accounting standards and issues, which 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.

## **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. TRS Forensics Pte Ltd ("TRS") is the existing internal auditor of the Group. TRS primarily reports to the Chairman of the ARC and has unfettered access to all of the Group's documents, records, properties and personnel. The representatives from TRS who are in-charge of the internal audit of the Company are 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 has 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 to review the effectiveness 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 in place a whistle blowing policy. This policy provides well-defined and accessible channels in the Group through which employees may raise concerns about improper conduct within the Group. 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.

## **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's rights. It aims to keep all shareholders and other stakeholders informed of its corporate activities, including changes which are likely to materially affect the price or value of its shares, on a timely and consistent manner.

# CORPORATE GOVERNANCE REPORT

Shareholders are also given the opportunity to participate effectively in and vote at 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, Cap. 50 and the Constitution of the Company. Corporations which provide nominee or custodial services are allowed to appoint more than two proxies, and other shareholders are allowed to appoint not more than two proxies to attend and participate at the Company's general meetings.

## **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.

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 will 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 it on the Company's website (<https://cordlife.listedcompany.com>) as soon as practicable.

In FY2020, 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 minutes of the AGM was made available to shareholders on the SGXNet and the Company's corporate website within 1 month from the date of the AGM.

## **MANAGING STAKEHOLDERS RELATIONSHIPS**

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

The Company strives for timeliness and transparency in its disclosures to the shareholders and the public and is also committed to gathering the views of its shareholders and to address 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 practise 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.

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.



# CORPORATE GOVERNANCE REPORT

The Company's website acts as one of the main sources of information for its stakeholders, especially for 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 FY2020 above S\$100,000.

### **MATERIAL CONTRACTS**

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

There were no material contracts of the Company or its subsidiaries involving the interest of the Acting 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 Rule 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. The Company will publish its Sustainability Report ("Sustainability Report") before 31 May 2021. The Report will share its management, performance and targets in relation to its material ESG factors. This Sustainability Report will be aligned to 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 1 March 2021, the Group has utilised approximately S\$26.0 million out of the approximately S\$33.5 million raised from the Private Placement 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	49.5%
General working capital	8.6	25.7%	8.8	26.4%
Expenses incurred in connection with the Private Placement	1.4	4.2%	0.6	1.8%
	33.5	100.0%	26.0	77.6%

### 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 (\$ m)
<b>Amount utilised as working capital:</b>	
Trade purchases	8.7
Legal and professional fees	0.1
	8.8



## FINANCIAL CONTENTS

42	<b>Directors' Statement</b>	54	<b>Consolidated Statement of Cash Flows</b>
45	<b>Independent Auditors' Report</b>	55	<b>Notes to the Financial Statements</b>
49	<b>Consolidated Statement of Comprehensive Income</b>	111	<b>Statistics of Shareholdings</b>
50	<b>Statements of Financial Position</b>	115	<b>Notice of Annual General Meeting</b>
52	<b>Consolidated Statement of Changes in Equity</b>	121	<b>Disclosure of Information on Directors Seeking Re-election</b>
53	<b>Statement of Changes in Equity</b>		<b>Proxy Form</b>

# 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 2020.

In our opinion:

- (a) the financial statements set out on pages 49 to 110 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 2020 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 Singapore Companies Act, Chapter 50 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  
Ms Tan Poh Lan  
Mr Joseph Wong Wai Leung  
Mr Yeo Hwee Tiong  
Mr Fong Chi Wah  
Ms Wang Lin  
Mr Chang Chien  
Mr Zhai Lingyun

## Directors' interests

According to the register kept by the Company for the purposes of Section 164 of the Companies Act, Chapter 50 (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	340,530	534,480	–	–
<b>Share grants under Cordlife Share Grant Plan</b>				
Ms Tan Poh Lan	579,050	876,600	–	–

There was no change in any of the above-mentioned interests in the Company between the end of the financial year and 21 January 2021.

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 and 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. In addition, for a period of at least one year after the award of the shares, 50% of all shares awarded to the participants under the Plan may not be transferred or otherwise disposed of for a period of at least one year.

Details of the Plan are disclosed in Note 30 of the financial statements.

The RC administering the Plan comprises three Directors, Dr Ho Choon Hou, Mr Yeo Hwee Tiong and Mr Fong Chi Wah.

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

	Balance as at 1 January 2020	Grants during the financial year	Vested during the financial year	Cancelled during the financial year	Balance as at 31 December 2020
<b>Grant date</b>					
<b>Performance Share Award</b>					
3 October 2018	193,600	–	(193,600)	–	–
12 December 2019	1,976,100	–	(381,650)	(1,212,800)	381,650
25 August 2020	–	2,955,900	–	–	2,955,900
	2,169,700	2,955,900	(575,250)	(1,212,800)	3,337,550

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 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.

## 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 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;

# DIRECTORS' STATEMENT

- Reviews 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 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 the 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 auditors, KPMG LLP, have indicated their willingness to accept re-appointment.

On behalf of the Board of Directors

**Dr Ho Choon Hou**

*Director*

**Ms Tan Poh Lan**

*Director*

1 April 2021

# INDEPENDENT AUDITORS' REPORT

Members of the Company  
Cordlife Group Limited

## Report on the audit of the financial statements

### Opinion

We have audited 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 2020, 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 on that date, and notes to the financial statements, including a summary of significant accounting policies, as set out on pages 49 to 110.

In our opinion, the accompanying consolidated financial statements of the Group and the statement of financial position and statement of changes in equity of the Company are properly drawn up in accordance with the provisions of the Companies Act, Chapter 50 (the "Act") and Singapore Financial Reporting Standards (International) ('SFRS (I)') so as to give a true and fair view of the consolidated financial position of the Group and the financial position of the Company as at 31 December 2020 and of the consolidated financial performance, consolidated changes in equity and consolidated cash flows of the Group and the changes in equity of the Company for the year ended on that date.

### Basis for opinion

We conducted our audit in accordance with Singapore Standards on Auditing ('SSAs'). Our responsibilities under those standards are further described in the 'Auditors' responsibilities for the audit of the financial statements' section of our report. 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. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current year. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Revenue recognition amounting to \$50,616,000 (Refer to Note 4 to the financial statements)	
<i>The key audit matter</i>	<i>How the matter was addressed in our audit</i>
<p>The Group enters into long-term cord blood, cord lining and cord tissue banking service contracts with tenure ranging from 18 to 75 years.</p> <p>For each contract, the Group has identified several performance obligations. Revenue is allocated to each performance obligation based on the expected costs plus an appropriate margin.</p> <p>Significant management judgements have been applied in the inputs to the cost model in deriving the expected total costs to be incurred; and to determine the margin for each performance obligations.</p>	<p>We considered the terms of the key contracts and the appropriateness of the revenue recognition policies.</p> <p>We tested the effectiveness of key controls over revenue recognition and reconciliation.</p> <p>Our substantive procedures included the following:</p> <ul style="list-style-type: none"> <li>Assessed the reasonableness of management's estimation of the total cost of the contracts, including retrospective review of estimates made in prior period.</li> <li>Assessed the reasonableness of the margin used in allocating revenue to reach performance obligation.</li> <li>Recomputed the amount of revenue to be recognised for the year for selected samples.</li> </ul> <p>We noted that management's identification of performance obligations and allocation of revenue to each performance obligation were reasonable.</p>

# INDEPENDENT AUDITORS' REPORT

Impairment assessment of goodwill amounting to \$27,412,000 (Refer to Note 13 to the financial statements)	
<i>The key audit matter</i>	<i>How the matter was addressed in our audit</i>
<p>The Group has recognised a significant amount of goodwill, arising from the Group's acquisition of Stemlife Berhad and its subsidiaries, and Healthbaby Biotech (Hong Kong) Co., Limited and its subsidiary. These entities have been identified as separate cash generating units (CGUs).</p> <p>Management has assessed the recoverable amounts of the CGUs calculated based on their value-in-use, using discounted cash flow forecasts in which the management made judgements over certain key inputs in relation to cash flows and discount rates.</p> <p>The Group did not recognise impairment loss on goodwill during the year.</p>	<p>Our review of the impairment assessment by management included the following:</p> <ul style="list-style-type: none"> <li>Assessed the appropriateness of the determination of CGUs.</li> <li>Assessed the appropriateness and reasonableness of the methodology used to estimate the recoverable amount, and key assumptions including cash flows and discount rates used by management.</li> </ul> <p>Based on the procedures performed, we are satisfied that the value-in-use amounts are in excess of the carrying amounts, and no impairment is required.</p> <p>We also noted that the Group's disclosures in the financial statements were appropriate.</p>

## *Other information*

Management is responsible for the other information contained in the annual report. Other information is defined as all information in the annual report other than the financial statements and our auditors' report thereon.

We have obtained all other information prior to the date of this auditors' report.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

## *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 Act and 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.



# INDEPENDENT AUDITORS' REPORT

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

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with SSAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls.
- Obtain an understanding of internal controls relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal controls that we identify during our audit.

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditors' report unless the law or regulations preclude public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

# INDEPENDENT AUDITORS' REPORT

## Report on other legal and regulatory requirements

In our opinion, 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 Quek Shu Ping.

## KPMG LLP

*Public Accountants and  
Chartered Accountants*

## Singapore

1 April 2021

# CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

for the financial year ended 31 December 2020

	Note	2020 \$'000	2019 \$'000
Revenue	4	50,616	61,579
Cost of sales		(18,881)	(21,889)
<b>Gross profit</b>		31,735	39,690
Other operating income	5	2,907	889
Selling and marketing expenses		(18,432)	(21,917)
Administrative expenses		(19,463)	(21,211)
Finance income	6	10,599	10,366
Finance costs	6	(341)	(311)
<b>Profit before income tax from operations</b>		7,005	7,506
Fair value loss on investment properties	12	(194)	(326)
Reversal of impairment loss on investment in associate	10	386	–
Share of profit of associate	10	367	–
(Loss)/gain on financial asset at fair value through profit or loss		(13)	945
<b>Profit before income tax</b>		7,551	8,125
Tax expense	8	(1,001)	(1,663)
<b>Profit for the year</b>	7	6,550	6,462
<b>Other comprehensive loss:</b>			
<i>Items that are or may be reclassified subsequently to profit or loss</i>			
Foreign currency translation		(179)	(311)
<b>Total comprehensive income for the year</b>		6,371	6,151
<b>Profit/(loss) for the year attributable to:</b>			
Owners of the Company		6,547	6,471
Non-controlling interests		3	(9)
		6,550	6,462
<b>Total comprehensive income/(loss) for the year attributable to:</b>			
Owners of the Company		6,368	6,160
Non-controlling interests		3	(9)
		6,371	6,151
<b>Earnings per share (cents per share):</b>			
Basic	9	2.57	2.55
Diluted	9	2.55	2.54

# STATEMENTS OF FINANCIAL POSITION

for the financial year ended 31 December 2020

	Note	Group		Company	
		2020 \$'000	2019 \$'000	2020 \$'000	2019 \$'000
<b>Non-current assets</b>					
Property, plant and equipment	11	16,425	16,094	6,910	7,247
Investment properties	12	7,531	7,730	2,305	2,325
Intangible assets	13	31,972	33,410	616	919
Deferred tax assets	23	1,139	100	–	–
Investment in subsidiaries	29	–	–	62,620	62,845
Investment in associate	10	769	–	–	–
Long-term investments	14	–	9,531	–	9,531
Contract assets	4	68,247	69,680	44,098	45,006
Other receivables	16	1	130	1	4
Fixed deposits	19	3,244	5,466	–	–
		129,328	142,141	116,550	127,877
<b>Current assets</b>					
Inventories	17	1,659	1,343	381	239
Prepayments		2,584	2,130	778	941
Trade receivables	15	23,391	24,044	9,726	10,796
Other receivables	16	3,115	3,790	525	906
Tax recoverable		1,181	2,313	–	63
Amounts owing by subsidiaries	18	–	–	21,883	19,157
Short-term investments	14	19,821	13,938	4,491	–
Fixed deposits	19	16,113	9,945	–	–
Pledged fixed deposits	19	10,086	9,843	–	–
Cash and cash equivalents	20	25,938	14,784	11,509	5,540
		103,888	82,130	49,293	37,642
<b>Total assets</b>		<b>233,216</b>	<b>224,271</b>	<b>165,843</b>	<b>165,519</b>

# STATEMENTS OF FINANCIAL POSITION

for the financial year ended 31 December 2020

	Note	Group		Company	
		2020 \$'000	2019 \$'000	2020 \$'000	2019 \$'000
<b>Current liabilities</b>					
Trade and other payables	21	14,251	15,936	4,204	5,381
Amounts owing to subsidiaries	18	–	–	10,407	9,047
Interest-bearing borrowings	22	310	302	310	302
Lease liabilities		1,580	1,138	298	265
Contract liabilities	4	7,792	5,924	3,876	3,754
Tax payable		2,471	1,767	–	–
		26,404	25,067	19,095	18,749
<b>Net current assets</b>		77,484	57,063	30,198	18,893
<b>Non-current liabilities</b>					
Other payables	21	543	429	–	–
Amounts owing to subsidiaries	18	–	–	13,268	13,628
Interest-bearing borrowings	22	3,678	3,996	3,678	3,996
Lease liabilities		2,085	1,354	313	470
Contract liabilities	4	62,659	58,942	15,310	15,595
Deferred tax liabilities	23	4,625	5,211	15	15
		73,590	69,932	32,584	33,704
<b>Total liabilities</b>		99,994	94,999	51,679	52,453
<b>Net assets</b>		133,222	129,272	114,164	113,066
<b>Equity attributable to owners of the Company</b>					
Share capital	24	95,646	95,994	95,646	95,994
Treasury shares	24	(14,073)	(14,700)	(14,073)	(14,700)
Accumulated profits		65,570	61,563	31,632	30,653
Other reserves	25	(14,047)	(13,708)	959	1,119
		133,096	129,149	114,164	113,066
<b>Non-controlling interests</b>		126	123	–	–
<b>Total equity</b>		133,222	129,272	114,164	113,066
<b>Total equity and liabilities</b>		233,216	224,271	165,843	165,519

# CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

for the financial year ended 31 December 2020

	Note	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 equity \$'000
<b>Group</b>											
At 1 January 2019		96,379	(15,469)	56,105	501	568	534	(11,740)	(3,456)	132	123,554
<b>Total comprehensive income/(loss) for the year</b>											
Profit for the year		-	-	6,471	-	-	-	-	-	(9)	6,462
<b>Other comprehensive loss</b>											
Foreign currency translation		-	-	-	-	-	-	-	(311)	-	(311)
Total comprehensive income/(loss) for the year		-	-	6,471	-	-	-	-	(311)	(9)	6,151
<b>Transactions with owners, recognised directly in equity</b>											
<b>Contributions by and distributions to owners</b>											
Grant of share awards to employees		-	-	-	580	-	-	-	-	-	580
Reissuance of treasury shares pursuant to equity compensation plan	24	(385)	769	-	(384)	-	-	-	-	-	-
Dividends	35	-	-	(1,013)	-	-	-	-	-	-	(1,013)
Total contributions by and distributions to owners		(385)	769	(1,013)	196	-	-	-	-	-	(433)
At 31 December 2019		95,994	(14,700)	61,563	697	568	534	(11,740)	(3,767)	123	129,272
At 1 January 2020		95,994	(14,700)	61,563	697	568	534	(11,740)	(3,767)	123	129,272
<b>Total comprehensive income/(loss) for the year</b>											
Profit for the year		-	-	6,547	-	-	-	-	-	3	6,550
<b>Other comprehensive loss</b>											
Foreign currency translation		-	-	-	-	-	-	-	(179)	-	(179)
Total comprehensive income/(loss) for the year		-	-	6,547	-	-	-	-	(179)	3	6,371
<b>Transactions with owners, recognised directly in equity</b>											
<b>Contributions by and distributions to owners</b>											
Grant of share awards to employees		-	-	-	119	-	-	-	-	-	119
Reissuance of treasury shares pursuant to equity compensation plan	24	(348)	627	-	(279)	-	-	-	-	-	-
Dividends	35	-	-	(2,540)	-	-	-	-	-	-	(2,540)
Total contributions by and distributions to owners		(348)	627	(2,540)	(160)	-	-	-	-	-	(2,421)
At 31 December 2020		95,646	(14,073)	65,570	537	568	534	(11,740)	(3,946)	126	133,222

# STATEMENT OF CHANGES IN EQUITY

for the financial year ended 31 December 2020

	Note	Share capital \$'000	Treasury shares \$'000	Accumulated profits \$'000	Capital reserve \$'000	Share-based compensation reserve \$'000	Total equity \$'000
<b>Company</b>							
At 1 January 2019		96,379	(15,469)	30,301	422	501	112,134
<b>Total comprehensive income for the year</b>							
Profit for the year		–	–	1,365	–	–	1,365
Total comprehensive income for the year		–	–	1,365	–	–	1,365
<b>Transactions with owners, recognised directly in equity</b>							
<b>Contributions by and distributions to owners</b>							
Grant of share awards to employees		–	–	–	–	580	580
Reissuance of treasury shares pursuant to equity compensation plan	24	(385)	769	–	–	(384)	–
Dividends	35	–	–	(1,013)	–	–	(1,013)
Total contributions by and distributions to owners		(385)	769	(1,013)	–	196	(433)
At 31 December 2019		95,994	(14,700)	30,653	422	697	113,066
At 1 January 2020		95,994	(14,700)	30,653	422	697	113,066
<b>Total comprehensive income for the year</b>							
Profit for the year		–	–	3,519	–	–	3,519
Total comprehensive income for the year		–	–	3,519	–	–	3,519
<b>Transactions with owners, recognised directly in equity</b>							
<b>Contributions by and distributions to owners</b>							
Grant of share awards to employees		–	–	–	119	–	119
Reissuance of treasury shares pursuant to equity compensation plan	24	(348)	627	–	(279)	–	–
Dividends	35	–	–	(2,540)	–	–	(2,540)
Total contributions by and distributions to owners		(348)	627	(2,540)	(160)	–	(2,421)
At 31 December 2020		95,646	(14,073)	31,632	262	697	114,164

# CONSOLIDATED STATEMENT OF CASH FLOWS

for the financial year ended 31 December 2020

	Note	2020 \$'000	2019 \$'000
<b>Cash flows from operating activities</b>			
Profit before income tax		7,551	8,125
Adjustments for:			
Depreciation of property, plant and equipment	11	2,913	3,064
Amortisation of intangible assets	13	1,230	1,220
Impairment loss on trade and non-trade receivables and bad debt written off, net	7	1,817	943
(Gain)/loss on disposal of property, plant and equipment, net		(12)	16
Interest income	6	(10,599)	(10,366)
Interest expense	6	341	311
Share-based compensation expense		119	580
Fair value loss on investment properties	12	194	326
Investment income		(141)	(392)
Loss/(gain) on financial asset at fair value through profit or loss		13	(945)
Reversal of impairment loss on investment in associate	10	(386)	–
Share of profit of associate	10	(367)	–
Unrealised exchange loss/(gain)		361	(159)
		3,034	2,723
Changes in:			
Trade receivables		(879)	2,669
Contract assets		1,498	(2,698)
Other receivables and prepayments		(6)	(1,209)
Inventories		(316)	15
Trade and other payables		(1,966)	2,712
Lease liabilities		(1,254)	(1,623)
Contract liabilities		6,351	3,568
Cash generated from operations		6,462	6,157
Interest received		10,396	9,109
Interest paid		(152)	(140)
Income tax paid		(806)	(3,516)
<b>Net cash from operating activities</b>		15,900	11,610
<b>Cash flows from investing activities</b>			
Purchase of property, plant and equipment		(1,143)	(1,499)
Purchase of intangible assets		(232)	(561)
Proceeds from disposal of fixed assets		3	48
Dividend received		131	–
(Placement)/redemption of short-term investments		(431)	15,794
Redemption of long-term investments		5,145	1,978
Transfer to fixed deposits, net		(4,805)	(10,910)
<b>Net cash (used in)/from investing activities</b>		(1,332)	4,850
<b>Cash flows from financing activities</b>			
Transfer to pledged fixed deposits		–	(10,817)
Repayment of interest-bearing borrowings	22	(310)	(307)
Dividends paid	35	(2,540)	(1,013)
<b>Cash flows used in financing activities</b>		(2,850)	(12,137)
<b>Net increase in cash and cash equivalents</b>		11,718	4,323
Cash and cash equivalents at beginning of the year		14,784	10,910
Effects of exchange rate changes on the balance of cash and cash equivalents		(564)	(449)
<b>Cash and cash equivalents at end of the year</b>		25,938	14,784



# NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 31 December 2020

These notes form an integral part of the financial statements.

The financial statements were authorised for issue by the Board of Directors on 1 April 2021.

## 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 29 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 Statement of compliance

The financial statements have been prepared in accordance with the Singapore Financial Reporting Standards (International) (“SFRS(I”).

### 2.2 Basis of measurement

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

### 2.3 Functional and presentation currency

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

### 2.4 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 critical judgements in applying accounting policies that have the most significant effect on the amounts recognised in the financial statements are included in the following notes:

- Note 4 – revenue recognition: whether revenue from rendering of cord blood, cord lining and cord tissue banking services is recognised over time or point in time; and
- Note 8 – uncertainty over income tax treatments: determination of tax implications on finance income recognised on contracts.

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

- Note 12 – fair value of investment properties: determination of fair value of investment properties based on the valuation technique and significant unobservable inputs;

# NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 31 December 2020

## 2 Basis of preparation (cont'd)

### 2.4 Use of estimates and judgements (cont'd)

- Note 13 – impairment of non-financial assets: key assumptions used in discounted cash flow projections for the recoverable amounts; and
- Note 32(i) – measurement of expected credit losses allowance for trade and other receivables and contract assets: key assumptions in determining the weighted-average loss rate.

## 3 Significant accounting policies

The accounting policies set out below have been applied consistently to all periods presented in these financial statements.

### 3.1 Basis of consolidation

#### (i) Business combinations

The Group accounts for business combinations using the acquisition method when the acquired set of activities and assets meets the definition of a business and control is transferred to the Group (see note ii). In determining whether a particular set of activities acquired includes, at a minimum, an input and substantive process and whether the acquired set as the ability to produce outputs.

The Group has an option to apply a 'concentration test' that permits a simplified assessment of whether an acquired set of activities and assets is not a business. The optional concentration test is met if substantially all the fair value of the gross assets acquired is concentrated in a single identifiable asset or group of similar identifiable assets.

The Group measures goodwill at the date of acquisition as:

- the fair value of the consideration transferred; plus
- the recognised amount of any non-controlling interests ("NCI") in the acquiree; plus
- if the business combination is achieved in stages, the fair value of the pre-existing equity interest in the acquiree,

over the net recognised amount (generally fair value) of the identifiable assets acquired and liabilities assumed. Any goodwill that arises is tested annually for impairment.

When the excess is negative, a bargain purchase gain is recognised immediately in profit or loss.

The consideration transferred does not include amounts related to the settlement of pre-existing relationships. Such amounts are generally recognised in profit or loss.

NCI that are present ownership interests and entitle their holders to a proportionate share of the acquiree's net assets in the event of liquidation are measured either at fair value or at the NCI's proportionate share of the recognised amounts of the acquiree's identifiable net assets, at the date of acquisition. The measurement basis taken is elected on a transaction-by-transaction basis. All other NCI are measured at acquisition-date fair value, unless another measurement basis is required by SFRS(I).

Costs related to the acquisition, other than those associated with the issue of debt or equity securities, that the Group incurs in connection with a business combination are expensed as incurred.

Changes in the Group's interest in a subsidiary that do not result in a loss of control are accounted for as transactions with owners in their capacity as owners and therefore no adjustments are made to goodwill and no gain or loss is recognised in profit or loss. Adjustments to NCI arising from transactions that do not involve the loss of control are based on a proportionate amount of the net assets of the subsidiary.

# NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 31 December 2020

## 3 Significant accounting policies (cont'd)

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

#### (ii) 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 NCI in a subsidiary are allocated to the NCI even if doing so causes the NCI to have a deficit balance.

#### (iii) Loss of control

Upon the loss of control, the Group derecognises the assets and liabilities of the subsidiary, any NCI and the other components of equity related to the subsidiary. Any surplus or deficit arising on the loss of control is recognised in profit or loss. If the Group retains any interest in the former subsidiary, then such interest is measured at fair value at the date that control is lost.

#### (iv) 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.

#### (v) 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.

#### (vi) 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.

# NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 31 December 2020

## 3 Significant accounting policies (cont'd)

### 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.

#### (ii) Foreign operations

The assets and liabilities of foreign operations, excluding 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.

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

##### ***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.

## 3 Significant accounting policies (cont'd)

### 3.3 Financial instruments (cont'd)

#### (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.

##### ***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.

# NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 31 December 2020

## 3 Significant 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*

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;
- 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 profit or loss.

#### **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 interest-bearing borrowings and trade and other payables.

# NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 31 December 2020

## 3 Significant accounting policies (cont'd)

### 3.3 Financial instruments (cont'd)

#### (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 substantially all the risks and rewards of ownership of the financial asset are transferred or in which 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.

##### *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 and short-term deposits with maturities of three months or less from the acquisition date 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.

### 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.

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.

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.

# NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 31 December 2020

## 3 Significant accounting policies (cont'd)

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

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

Furniture and fittings	–	3 to 5 years
Laboratory equipment	–	5 to 10 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.

### 3.5 Investment property

Investment property is property 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 property is measured at cost on initial recognition and subsequently at fair value with any change therein recognised in profit or loss.

Cost includes expenditure that is directly attributable to the acquisition of the investment property. The cost of self-constructed investment property includes the cost of materials and direct labour, any other costs directly attributable to bringing the investment property to a working condition for their intended use and capitalised borrowing costs.

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

When the use of a property changes such that it is reclassified as property, plant and equipment, its fair value at the date of reclassification becomes its cost for subsequent accounting.

### 3.6 Intangible assets

#### (i) Goodwill

Goodwill that arises upon the acquisition of subsidiaries is included in intangible assets. For the measurement of goodwill at initial recognition, see Note 3.1(i).

#### *Subsequent measurement*

Goodwill is measured at cost less accumulated impairment losses.

#### (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.



# NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 31 December 2020

## 3 Significant accounting policies (cont'd)

### 3.6 Intangible assets (cont'd)

#### (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 club membership and 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.

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.

# NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 31 December 2020

## 3 Significant accounting policies (cont'd)

### 3.7 Leases (cont'd)

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

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.

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

## 3 Significant accounting policies (cont'd)

### 3.7 Leases (cont'd)

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

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 property under operating leases as income on a straight-line basis over the lease term as part of 'other income'. Rental income from sub-leased property is also recognised as 'other 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.

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.

# NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 31 December 2020

## 3 Significant accounting policies (cont'd)

### 3.9 Impairment (cont'd)

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

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

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.

##### 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.

## 3 Significant accounting policies (cont'd)

### 3.9 Impairment (cont'd)

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

##### 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 to sell. 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.

#### 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.

# NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 31 December 2020

## 3 Significant accounting policies (cont'd)

### 3.10 Employee benefits (cont'd)

#### 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 standalone selling prices of the promised services. The individual standalone 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.

# NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 31 December 2020

## 3 Significant 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 income'. Grants that compensate the Group for expenses incurred are recognised in profit or loss as 'other 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.

### 3.15 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.

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.

# NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 31 December 2020

## 3 Significant accounting policies (cont'd)

### 3.15 Tax (cont'd)

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.

### 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 GCEO (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 GCEO include items directly attributable to a segment as well as those that can be allocated on a reasonable basis.



# NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 31 December 2020

## 3 Significant accounting policies (cont'd)

### 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 2020 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.

- a. SFRS(I) 17 Insurance Contracts
- b. Classification of Liabilities as Current or Non-current (Amendments to SFRS(I)1-1)
- c. Covid-19-Related Rent Concessions (Amendment to SFRS(I) 16)
- d. Sale of Contribution of Assets between an Investor and its Associate or Joint Venture (Amendments to SFRS(I) 10 and SFRS(I) 1-28)

## 4 Revenue

	Group	
	2020 \$'000	2019 \$'000
Rendering of cord blood, cord lining and cord tissue banking services	47,842	60,009
Rendering of other services	2,774	1,570
	50,616	61,579

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.

### 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 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	Refunds will be provided if no collection is done.
Obligations for warranties	Nil

# NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 31 December 2020

## 4 Revenue (cont'd)

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

Nature of goods or services	Cryogenic storage 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 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 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

### Contract balances

	Note	Group		Company	
		2020 \$'000	2019 \$'000	2020 \$'000	2019 \$'000
Trade receivables	15	23,391	24,044	9,726	10,796
Contract assets		68,247	69,680	44,098	45,006
Contract liabilities – current		7,792	5,924	3,876	3,754
Contract liabilities – non-current		62,659	58,942	15,310	15,595

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 are as follows:

	Contract assets		Contract liabilities	
	2020 \$'000	2019 \$'000	2020 \$'000	2019 \$'000
Revenue recognised that was included in the contract liabilities balance at the beginning of the year	–	–	5,924	3,758
Increases due to cash received, excluding amounts recognised as revenue during the year	–	–	(6,351)	(3,568)
Increase/(decrease) due to revenue recognition and invoicing	1,833	(2,770)	–	–
(Impairment loss)/reversal of impairment loss on contract assets	(335)	72	–	–

# NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 31 December 2020

## 4 Revenue (cont'd)

Significant judgements are used to estimate these total contract costs to complete. In making these estimates, management has relied on past experience and evidence. The estimated total contract costs is reviewed every reporting period and adjusted where necessary, with the corresponding effect of change being recognised prospectively from the date of change.

### 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.

	2021-2025 \$'000	2026-2030 \$'000	2031-2035 \$'000	2036-2040 \$'000	>2041 \$'000	Total \$'000
<b>2020</b>						
Rendering of cord blood, cord lining and cord tissue banking services: storage revenue	47,975	40,485	24,485	8,526	5,713	127,184
	2020-2024 \$'000	2025-2029 \$'000	2030-2034 \$'000	2035-2039 \$'000	>2040 \$'000	Total \$'000
<b>2019</b>						
Rendering of cord blood, cord lining and cord tissue banking services: storage revenue	39,099	35,175	23,382	9,658	4,069	111,383

The Group applies the practical expedient in paragraph 121 of SFRS(I) 15 and does not disclose information about its remaining performance obligations if:

- the performance obligation is part of a contract that has an original expected duration of one year or less; or
- the Group has a right to invoice a customer in an amount that corresponds directly with its performance to date, then it recognises revenue in that amount.

## 5 Other operating income

	Group	
	2020 \$'000	2019 \$'000
Rental income	96	121
Gain/(loss) on disposal of property, plant and equipment	5	(16)
Fair value gain on short-term investments	141	392
Grant income*	2,260	100
Others	405	292
	<u>2,907</u>	<u>889</u>

\* In FY2020, the Group recognised grant income of \$2,097,000 (2019: \$Nil) relating to government financial support schemes provided during the COVID-19 pandemic.

# NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 31 December 2020

## 6 Finance income and finance costs

	Group	
	2020 \$'000	2019 \$'000
Interest income on contract assets	8,371	8,257
Interest income from fixed deposits	1,348	983
Interest income from short-term investments	880	1,126
Finance income	10,599	10,366
Interest expense on interest-bearing borrowings	(147)	(141)
Interest expense on lease liabilities	(194)	(170)
Finance costs	(341)	(311)
Net finance income	10,258	10,055

## 7 Profit for the year

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

	Note	Group	
		2020 \$'000	2019 \$'000
Employee benefits expense	30	22,404	25,175
Audit fees paid to auditors of the Company		451	509
Non-audit fees paid to auditors of the Company		45	40
Depreciation of property, plant and equipment	11	2,913	3,064
Amortisation of intangible assets	13	1,230	1,220
Impairment loss on trade receivables, net	32(i)	1,562	908
Impairment loss on non-trade receivables	16	255	–
Bad debts written off		–	35
(Gain)/loss on disposal of property, plant and equipment, net		(12)	16

# NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 31 December 2020

## 8 Tax expense

	Group	
	2020 \$'000	2019 \$'000
<b>Current tax expense</b>		
Current year	2,677	2,275
(Over)/under provision in respect of previous years	(27)	13
	2,650	2,288
<b>Deferred tax expense</b>		
Reversal of temporary differences	(1,649)	(625)
	1,001	1,663
<b>Reconciliation of effective tax rate</b>		
Profit before income tax	7,551	8,125
Tax using the Singapore tax rate of 17% (2019: 17%)	1,284	1,381
Effect of tax rates in foreign jurisdictions	97	407
Deferred tax assets not recognised	143	295
Non-deductible expenses	549	748
Tax-exempt income	(587)	(528)
Recognition of tax effect of previously unrecognised tax losses	(414)	(615)
Effect of partial tax exemption	(17)	(17)
Tax rebate	–	(15)
(Over)/under provision in respect of previous years	(27)	13
Others	(27)	(6)
	1,001	1,663

### Uncertainty over income tax treatments

The Group offers both upfront and deferred payment plans for customers who sign up for the cord blood, cord lining and cord tissue banking services. In accordance with the accounting standards, a significant financing component is identified on the deferred payment plans and finance income is recognised over the deferred payment period. There is some uncertainty over the tax treatment for such finance income in Singapore. The Group is in preliminary discussions with external experts to clarify the position. No provision for current tax expense has been made as at 31 December 2020.

# NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 31 December 2020

## 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	
	2020 \$'000	2019 \$'000
Profit for the financial year attributable to owners of the Company	6,547	6,471
	<b>'000</b>	<b>'000</b>
Weighted-average number of ordinary shares for basic earnings per share computation	254,311	253,586
Effects of dilution – share grants	2,059	1,041
Weighted-average number of ordinary shares for diluted earnings per share computation	256,370	254,627

## 10 Investment in associate

	Group	
	2020 \$'000	2019 \$'000
Shares, at cost	316	316
Share of post-acquisition results of associate	306	78
Other comprehensive income/(loss)	147	(8)
Accumulated impairment loss	–	(386)
	769	–

Details of the associated company is as follows:

Name of company	Principal place of business/ country of incorporation	Principal activity	Proportion of ownership interest	
			2020 %	2019 %
<i>Held by Stemlife Berhad</i>				
Thai Stemlife Co., Ltd <sup>1</sup>	Thailand	Cord blood banking services	39.61	39.61

<sup>1</sup> Audited by KPMG Phoomchai Audit Ltd

Investment in associate comprises of a 39.61% stake in Thai Stemlife Co., Ltd (“TSL”) through Stemlife Berhad. The investment in the associate was fully impaired prior to the consolidation of Stemlife Berhad in December 2015 as the associate was loss-making. In recent years, as TSL has shown sustained profitability, the Group has reversed the accumulated impairment of \$386,000 and recognised share of profit of associate of \$367,000 from 1 December 2015 to 31 December 2020.

# NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 31 December 2020

## 10 Investment in associate (cont'd)

The summarised financial information of the associated company is as follows:

	<b>Group 2020 \$'000</b>
Revenue	
- for the financial year	4,090
- previously not equity-accounted for	14,161
<b>Total revenue</b>	<u>18,251</u>
Net profit	
- for the financial year	513
- previously not equity-accounted for	407
Other comprehensive income	
- for the financial year	(28)
- previously not equity-accounted for	396
<b>Total comprehensive income attributable to associate's shareholders</b>	<u>1,288</u>
Non-current assets	1,446
Current assets	3,325
Non-current liabilities	(148)
Current liabilities	(2,701)
<b>Net assets</b>	<u>1,922</u>
<b>Carrying amount of interest in associate at beginning of the year</b>	-
Reversal of impairment of investment in associate	386
Group's share of:	
- profit for the year	205
- profit previously not equity-accounted for	162
Other comprehensive income	147
Dividend received during the year	(131)
<b>Carrying amount of interest in associate at end of the year</b>	<u><u>769</u></u>

# NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 31 December 2020

## 11 Property, plant and equipment

	Note	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 2019		1,170	10,037	3,558	197	4,667	13,557	92	33,278
Additions		39	354	396	–	303	1,197	393	2,682
Remeasurement of right-of-use asset		–	–	–	–	–	(168)	–	(168)
Disposals		(22)	(260)	(386)	–	–	–	–	(668)
Transfer from construction-in-progress		1	129	35	–	–	116	(281)	–
Reclassification from investment properties	12	–	–	–	–	–	650	–	650
Exchange rate adjustments		(10)	(106)	1	–	(21)	(55)	(6)	(197)
At 31 December 2019		1,178	10,154	3,604	197	4,949	15,297	198	35,577
At 1 January 2020		1,178	10,154	3,604	197	4,949	15,297	198	35,577
Additions		48	192	584	60	23	2,241	428	3,576
Disposals		(2)	(100)	(367)	(51)	–	(100)	–	(620)
Transfer from construction-in-progress		–	351	43	–	–	17	(411)	–
Exchange rate adjustments		(16)	(57)	(51)	(1)	(49)	(164)	(9)	(347)
At 31 December 2020		1,208	10,540	3,813	205	4,923	17,291	206	38,186
<b>Accumulated depreciation</b>									
At 1 January 2019		924	7,909	2,789	100	4,420	1,114	–	17,256
Depreciation charge for the year		142	705	398	30	179	1,610	–	3,064
Disposals		(10)	(241)	(386)	–	–	–	–	(637)
Exchange rate adjustments		(9)	(172)	3	–	(22)	–	–	(200)
At 31 December 2019		1,047	8,201	2,804	130	4,577	2,724	–	19,483
At 1 January 2020		1,047	8,201	2,804	130	4,577	2,724	–	19,483
Depreciation charge for the year		172	674	395	41	107	1,524	–	2,913
Disposals		(1)	(100)	(170)	(51)	–	(100)	–	(422)
Exchange rate adjustments		(14)	(89)	(42)	1	(43)	(26)	–	(213)
At 31 December 2020		1,204	8,686	2,987	121	4,641	4,122	–	21,761
<b>Carrying amounts</b>									
At 1 January 2019		246	1,946	501	97	247	9,589	92	12,718
At 31 December 2019		131	1,953	800	67	372	12,573	198	16,094
At 31 December 2020		4	1,854	826	84	282	13,169	206	16,425



# NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 31 December 2020

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

Company	Note	Furniture and fittings \$'000	Laboratory equipment \$'000	Office equipment \$'000	Leasehold improvement \$'000	Buildings \$'000	Total \$'000
<b>Cost</b>							
At 1 January 2019		426	1,967	1,438	841	5,972	10,644
Additions		25	63	120	–	616	824
Reclassification from investment properties	12	–	–	–	–	650	650
Disposals		(13)	(44)	(240)	–	–	(297)
At 31 December 2019		438	1,986	1,318	841	7,238	11,821
At 1 January 2020		438	1,986	1,318	841	7,238	11,821
Additions		8	29	402	18	73	530
Disposals		(1)	–	(292)	–	(87)	(380)
At 31 December 2020		445	2,015	1,428	859	7,224	11,971
<b>Accumulated depreciation</b>							
At 1 January 2019		392	1,578	1,020	640	573	4,203
Depreciation charge for the year		20	142	132	113	232	639
Disposals		–	(28)	(240)	–	–	(268)
At 31 December 2019		412	1,692	912	753	805	4,574
At 1 January 2020		412	1,692	912	753	805	4,574
Depreciation charge for the year		12	108	161	38	352	671
Disposals		–	–	(97)	–	(87)	(184)
At 31 December 2020		424	1,800	976	791	1,070	5,061
<b>Carrying amounts</b>							
At 1 January 2019		34	386	150	201	5,365	6,136
At 31 December 2019		26	294	406	88	6,433	7,247
At 31 December 2020		21	215	452	68	6,154	6,910

The Group's and the Company's leasehold building with a carrying amount of \$6,154,000 (2019: \$6,433,000) are mortgaged to secure the Group's and the Company's interest-bearing borrowings (Note 22).

Property, plant and equipment includes right-of-use assets of \$3,856,000 (2019: \$2,909,000) (Note 28).

# NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 31 December 2020

## 12 Investment properties

	Note	Group		Company	
		2020 \$'000	2019 \$'000	2020 \$'000	2019 \$'000
<b>Statements of financial position:</b>					
At 1 January		7,730	8,717	2,325	2,975
Reclassification to property, plant and equipment	11	–	(650)	–	(650)
Change in fair value		(194)	(326)	(20)	–
Exchange rate adjustments		(5)	(11)	–	–
At 31 December		<u>7,531</u>	<u>7,730</u>	<u>2,305</u>	<u>2,325</u>
<b>Statement of comprehensive income:</b>					
<i>Rental income from investment properties:</i>					
Minimum lease payments		<u>96</u>	<u>121</u>	<u>91</u>	<u>115</u>
<i>Direct operating expenses arising from:</i>					
Rental-generating properties		<u>75</u>	<u>75</u>	<u>30</u>	<u>32</u>

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.

Investment properties amounting to \$2,305,000 (2019: \$2,325,000) are mortgaged to secure the Group's and the Company's interest-bearing borrowings (Note 22).

# NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 31 December 2020

## 12 Investment properties (cont'd)

The investment properties held by the Group and the Company as at 31 December 2020 are as follows:

Description and location	Tenure	Lease term
<b>Group</b>		
4 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
Unit 6.02, Wisma Perintis, Jalan Dungun, Damansara Heights, 50490 Kuala Lumpur	Freehold	Freehold
Unit 6.03, 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
Lot IP3-038, IPARC3, Lot 1115, Mukim Damansara, Daerah Petaling, Selangor	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>Company</b>		
4 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 valuations are based on comparable market transactions that consider the sales of similar properties that have been transacted in the open market. The fair value measurement for all investment properties has been categorised as a Level 3 fair value.

	Group		Company	
	2020 \$'000	2019 \$'000	2020 \$'000	2019 \$'000
Fair value of investment property (based on valuation report)	7,531	7,730	2,305	2,325
Add: Carrying amount of lease liabilities	–	–	–	–
Carrying amount of investment property	7,531	7,730	2,305	2,325

# NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 31 December 2020

## 12 Investment properties (cont'd)

### (ii) Valuation technique and significant unobservable inputs

The following table shows the Group's valuation technique used in measuring the fair value of investment properties, as well as the significant unobservable inputs used.

Valuation technique	Significant unobservable inputs
<i>Direct comparison method</i>	<i>Not applicable</i>

## 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 2019	2,796	3,914	27,880	3,676	860	97	460	39,683
Additions	-	-	-	19	-	-	542	561
Disposals	-	-	-	(17)	-	-	-	(17)
Transfer from WIP	-	-	-	111	-	-	(111)	-
Exchange rate adjustments	(2)	(16)	(145)	(4)	-	-	5	(162)
At 31 December 2019	2,794	3,898	27,735	3,785	860	97	896	40,065
At 1 January 2020	2,794	3,898	27,735	3,785	860	97	896	40,065
Additions	-	-	-	114	-	-	118	232
Disposals	-	-	-	-	-	-	(103)	(103)
Transfer from WIP	-	-	-	135	-	-	(132)	3
Exchange rate adjustments	(1)	(28)	(323)	(26)	-	-	-	(378)
At 31 December 2020	2,793	3,870	27,412	4,008	860	97	779	39,819
<b>Accumulated amortisation</b>								
At 1 January 2019	1,270	965	-	2,286	860	44	-	5,425
Amortisation for the year	239	422	-	549	-	10	-	1,220
Disposals	-	-	-	(17)	-	-	-	(17)
Exchange rate adjustments	(1)	(4)	-	36	-	(4)	-	27
At 31 December 2019	1,508	1,383	-	2,854	860	50	-	6,655
At 1 January 2020	1,508	1,383	-	2,854	860	50	-	6,655
Amortisation for the year	218	386	-	616	-	10	-	1,230
Disposals	-	-	-	-	-	-	-	-
Exchange rate adjustments	(1)	(18)	-	(19)	-	-	-	(38)
At 31 December 2020	1,725	1,751	-	3,451	860	60	-	7,847
<b>Carrying amounts</b>								
At 1 January 2019	1,526	2,949	27,880	1,390	-	53	460	34,258
At 31 December 2019	1,286	2,515	27,735	931	-	47	896	33,410
At 31 December 2020	1,068	2,119	27,412	557	-	37	779	31,972

# NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 31 December 2020

## 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	
	2020	2019
	\$'000	\$'000
Business operations in Malaysia – Stemlife Berhad	7,580	7,588
Business operations in Hong Kong – Healthbaby and Cordlife Hong Kong	19,832	20,147
	27,412	27,735

#### *Stemlife Berhad*

The recoverable amount has been determined based on value in use 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.

	2020	2019
Discount rate	12.5%	12.5%
Terminal growth rate	1.0%	1.0%
Revenue growth rates (average of next five years)	9.4%	5.0%

The calculations of value in use 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 the interest-bearing borrowings the Group is obliged to service. The CGU’s specific risk is incorporated by applying individual beta factors. The beta factors are evaluated annually based on publicly available market data.

# NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 31 December 2020

## 13 Intangible assets (cont'd)

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

*Healthbaby and Cordlife Hong Kong*

The recoverable amount has been determined based on value in use 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.

	2020	2019
Discount rate	9.0%	13.0%
Terminal growth rate	1.0%	1.0%
Revenue growth rates (average of next five years)	8.1%	5.0%

The calculations of value in use 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 the interest-bearing borrowings the Group is obliged to service. The CGU's specific risk is incorporated by applying individual beta factors. The beta factors are evaluated annually based on publicly available market data.

During the financial year, no impairment loss was recognised (2019: \$Nil).

# NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 31 December 2020

## 13 Intangible assets (cont'd)

Company	Computer software \$'000	Trademark \$'000	Work-in-progress \$'000	Total \$'000
<b>Cost</b>				
At 1 January 2019	2,213	97	171	2,481
Additions	–	–	289	289
Disposals	(17)	–	–	(17)
Transfer to related party	–	–	(27)	(27)
Transfer from WIP	28	–	(28)	–
At 31 December 2019	2,224	97	405	2,726
At 1 January 2020	2,224	97	405	2,726
Additions	56	–	118	174
Disposals	–	–	(103)	(103)
Transfer from WIP	132	–	(132)	–
At 31 December 2020	2,412	97	288	2,797
<b>Accumulated amortisation</b>				
At 1 January 2019	1,388	44	–	1,432
Amortisation for the year	382	10	–	392
Disposals	(17)	–	–	(17)
At 31 December 2019	1,753	54	–	1,807
At 1 January 2020	1,753	54	–	1,807
Amortisation for the year	364	10	–	374
At 31 December 2020	2,117	64	–	2,181
<b>Carrying amounts</b>				
At 1 January 2019	825	53	171	1,049
At 31 December 2019	471	43	405	919
At 31 December 2020	295	33	288	616

# NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 31 December 2020

## 14 Investments

	Group		Company	
	2020 \$'000	2019 \$'000	2020 \$'000	2019 \$'000
<b>Non-current</b>				
<i>Designated at fair value</i>				
– Unquoted equity investments <sup>(1)</sup>	–	5,145	–	5,145
– Unquoted non-equity investments <sup>(2)</sup>	–	4,386	–	4,386
	–	9,531	–	9,531
<b>Current</b>				
<i>Designated at fair value</i>				
– Unquoted non-equity investments <sup>(2)</sup>	4,491	–	4,491	–
<i>Mandatorily at FVTPL</i>				
– Unquoted non-equity investments <sup>(3)</sup>	15,330	13,938	–	–
	19,821	13,938	4,491	–

<sup>(1)</sup> The Group held unquoted shares of CellResearch Corporation Pte. Ltd. (“CRC”) at carrying value of \$5,145,000 as of 31 December 2019. The unquoted equity investments are classified as financial assets at fair value through profit or loss. On 14 February 2020, the Group sold the shares to the founders of CRC at \$5,145,000.

<sup>(2)</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 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. 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 31 December 2020, the RCN was classified as current investment.

<sup>(3)</sup> The Group’s unquoted non-equity investments comprise investments in money market funds.

## 15 Trade receivables

	Group		Company	
	2020 \$'000	2019 \$'000	2020 \$'000	2019 \$'000
<b>Current</b>				
Trade receivables	28,530	28,506	10,936	11,758
Less: Impairment loss	(5,139)	(4,462)	(1,210)	(962)
	23,391	24,044	9,726	10,796

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

The Company’s current trade receivables are pledged to secure the Group’s and the Company’s interest-bearing borrowings (Note 22).

The Group and the Company’s exposure to credit and currency risks, and impairment losses for trade and other receivables, are disclosed in Note 32.



# NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 31 December 2020

## 16 Other receivables

	Group		Company	
	2020 \$'000	2019 \$'000	2020 \$'000	2019 \$'000
<b>Non-current</b>				
Other receivables	1	130	1	4
<b>Current</b>				
Interest receivable	1,026	802	–	156
GST receivable	495	631	101	176
Advances	107	924	2	–
Other receivables	953	860	337	490
Deposits	534	573	85	84
	3,115	3,790	525	906

At the end of the reporting period, the Group recognised an impairment loss on other receivables due from a third party in its India subsidiary of approximately \$255,000 (2019: \$Nil).

## 17 Inventories

	Group		Company	
	2020 \$'000	2019 \$'000	2020 \$'000	2019 \$'000
Consumables, at cost	1,659	1,343	381	239

Inventories recognised as an expense in cost of sales amount to \$3,565,000 (2019: \$6,016,000).

## 18 Amounts owing by/(to) subsidiaries

Amounts owing by/(to) subsidiaries are trade and non-trade related, unsecured, interest-free and are repayable on demand.

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

## 19 Fixed deposits

	Group		Company	
	2020 \$'000	2019 \$'000	2020 \$'000	2019 \$'000
<b>Non-current</b>				
Unpledged fixed deposits	3,244	5,466	–	–
<b>Current</b>				
Unpledged fixed deposits	16,113	9,945	–	–
Pledged fixed deposits	10,086	9,843	–	–

# NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 31 December 2020

## 19 Fixed deposits (cont'd)

As at the reporting date 31 December 2020, the Group's non-current unpledged fixed deposits will mature between 1 to 2 years and bear interest at an effective rate of 6.5%. The Group's current unpledged fixed deposits will mature within 1 to 12 months (2019: 1 to 10 months) and bear interest at an effective rate of 1.6% to 7.5% (2019: 3.8% to 7.8%) per annum.

Pledged fixed deposits, which will mature within 6 months (2019: 6 months) and bear interest at an effective rate of 1.6% (2019: 3.8%) per annum, are pledged for a short-term loan facility ("ST Loan Facility") which gives the Company a drawdown limit of \$9.0 million (2019: \$9.0 million). No drawdown has been made on the ST Loan Facility as at 31 December 2020.

## 20 Cash and cash equivalents

	Group		Company	
	2020 \$'000	2019 \$'000	2020 \$'000	2019 \$'000
Cash at bank and on hand	25,938	14,784	11,509	5,540

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

	Group		Company	
	2020 \$'000	2019 \$'000	2020 \$'000	2019 \$'000
Singapore Dollar	142	168	–	–
Malaysian Ringgit	233	230	233	230
Swiss Franc	3	3	2	2
United States Dollar	1,715	1,465	1,715	1,450
Chinese Yuan	–	6	–	–
Australian Dollar	2	2	2	2

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

## 21 Trade and other payables

	Group		Company	
	2020 \$'000	2019 \$'000	2020 \$'000	2019 \$'000
<b>Current</b>				
Trade payables	4,647	3,264	66	140
Other payables	4,397	6,346	1,385	2,095
Accrued expenses	4,592	5,297	2,314	2,714
Accrual for salaries and bonuses	615	1,029	439	432
	14,251	15,936	4,204	5,381
<b>Non-current</b>				
Other payables	543	429	–	–

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.

# NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 31 December 2020

## 22 Interest-bearing borrowings

	Group and Company	
	2020	2019
	\$'000	\$'000
<b>Non-current</b>		
Non-current portion of long-term loans:		
Loan I – secured	3,678	3,996
<b>Current</b>		
Current portion of long-term loans:		
Loan I – secured	310	302

Loan I comprises of a SGD bank loan drawn down on 1 July 2011 under an approved \$6,450,000 loan facility secured by a first mortgage over the Group's leasehold building (Note 11) and investment properties (Note 12) and a charge over all current trade receivables of the Company (Note 15). With effect from 10 June 2014, interest rate has been revised to prevailing Enterprise Financing Rate ("EFR") - 4.0%, EFR - 3.7%, and EFR - 3.3% for the first, second and third years respectively, and 3% + 3-month SIBOR thereafter. The loan is repayable over 240 monthly instalments and is scheduled to be fully repaid in June 2031. In March 2021, the Group has fully redeemed the loan. Please refer to Note 37 for further details.

### Reconciliation of movements of liabilities to cash flows arising from financing activities

	Interest-bearing borrowings	
	2020	2019
	\$'000	\$'000
<b>Balance at the beginning of the year</b>	4,298	4,605
<b>Changes from financing cash flows</b>		
Repayment of borrowings	(310)	(307)
<b>Balance at the end of the year</b>	3,988	4,298

## 23 Deferred tax assets/liabilities

	Group				Company	
	Statement of financial position		Recognised in profit or loss		Statement of financial position	
	2020	2019	2020	2019	2020	2019
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
<b>Deferred tax liabilities</b>						
Differences in depreciation for tax purposes	381	421	(34)	(259)	15	45
Fair value adjustment on acquisition of subsidiary	4,387	4,820	(433)	(412)	–	–
	4,768	5,241			15	45
Set off tax	(143)	(30)	–	–	–	(30)
	4,625	5,211			15	15
<b>Deferred tax assets</b>						
Unutilised tax losses	1,182	30	(1,182)	46	–	30
Differences in depreciation for tax purposes	100	100	–	–	–	–
	1,282	130			–	30
Set off tax	(143)	(30)	–	–	–	(30)
	1,139	100			–	–
<b>Deferred tax expense</b>			(1,649)	(625)		

# NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 31 December 2020

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

### Unrecognised tax losses

At the end of the reporting period, the Group has tax losses of approximately \$4,475,000 (2019: \$3,996,000) that 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 \$14,941,000 (2019: \$13,373,000) relating to investments in subsidiaries.

### Tax consequences of proposed dividends

There are no income tax consequences (2019: \$Nil) attached to the dividends to the shareholders proposed by the Company but not recognised as a liability in the financial statements (Note 35).

## 24 Share capital and treasury shares

### (a) Share capital

	Group and Company			
	2020		2019	
	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	95,994	267,525	96,379
Reissuance of treasury shares pursuant to equity compensation plan	–	(348)	–	(385)
At the end of the year	267,525	95,646	267,525	95,994

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			
	2020		2019	
	Number of shares '000	\$'000	Number of shares '000	\$'000
At the beginning of the year	(13,518)	(14,700)	(14,224)	(15,469)
Reissuance of treasury shares pursuant to equity compensation plan	575	627	706	769
At the end of the year	(12,943)	(14,073)	(13,518)	(14,700)

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

# NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 31 December 2020

## 25 Other reserves

### 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/dispensed, 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.

### 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.

## 26 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 2020 and 2019.

## 27 Contingent liabilities

The Group's subsidiary in Indonesia, PT Cordlife Persada, had received a tax assessment during the financial year of IDR7.06 billion (approximately \$660,000) in respect of financial year ended 30 June 2016, mainly relating to withholding and value added tax imposed on transactions arising from contracts signed by Cordlife Group Limited and Cordlife Technologies Pte. Ltd. in Singapore with Indonesian residents for the processing and storage of their samples in Singapore. PT Cordlife Persada had acted as a marketing agent in this arrangement.

The Group has received advice from external experts in relation to this matter and will vigorously defend its position. Accordingly, no provision has been made as at 31 December 2020.

# NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 31 December 2020

## 28 Leases

### Leases as lessee

The Group leases office space under non-cancellable lease arrangements, which have remaining lease terms ranging from four months to six years (2019: one month to seven years). There are no renewal options and contingent rent provisions included in the contracts. The Group is restricted from subleasing the premises.

Information about leases for which the Group is a lessee is presented below.

#### Right-of-use assets

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

	Laboratory equipment \$'000	Office equipment \$'000	Buildings \$'000	Total \$'000
Balance at 1 January 2019	182	268	2,854	3,304
Additions to right-of-use assets	–	21	1,162	1,183
Depreciation charge for the year	(62)	(58)	(1,290)	(1,410)
Derecognition of right-of-use assets	–	–	(168)	(168)
Balance at 31 December 2019	120	231	2,558	2,909
Balance at 1 January 2020	120	231	2,558	2,909
Additions to right-of-use assets	–	295	2,139	2,434
Depreciation charge for the year	(62)	(66)	(1,359)	(1,487)
Balance at 31 December 2020	58	460	3,338	3,856

#### Amounts recognised in profit or loss

	2020 \$'000	2019 \$'000
Interest on lease liabilities	194	170
Expenses relating to short-term leases	370	845
Expenses relating to leases of low-value assets, excluding short-term leases of low-value assets	–	8

#### Amounts recognised in statement of cash flows

	Group	
	2020 \$'000	2019 \$'000
Total cash outflow for leases	1,254	1,623

### 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 24 months (2019: up to 24 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.

# NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 31 December 2020

## 28 Leases (cont'd)

### Leases as lessor (cont'd)

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

	Group \$'000	Company \$'000
<b>2020</b>		
Within one year	113	84
After one year but not more than five years	43	43
	156	127
<b>2019</b>		
Within one year	91	85
After one year but not more than five years	33	28
	124	113

## 29 Investment in subsidiaries

	Company	
	2020 \$'000	2019 \$'000
Unquoted equity shares, at cost	92,083	92,083
Less: Impairment loss	(29,463)	(29,238)
	62,620	62,845

Management assessed the recoverable amount of the subsidiaries using the estimated fair value less costs to sell method. The Company recognised an impairment loss on investment in subsidiaries of \$225,000 (2019: \$20,865,000) during the financial year.

Name of Company	Principal activities	Country of incorporation	Percentage of equity held	
			2020 %	2019 %
<b>Held by the Company</b>				
Cordlife (Hong Kong) Limited <sup>1</sup>	Cord blood, cord lining and cord tissue banking services and newborn metabolic screening 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 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

# NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 31 December 2020

## 29 Investment in subsidiaries (cont'd)

Name of Company	Principal activities	Country of incorporation	Percentage of equity held	
			2020 %	2019 %
<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 services	India	99.99	99.99
Cordlife Medical Phils., Inc <sup>6</sup>	Cord blood, cord lining and cord tissue banking services	Philippines	99.99	99.99
PT. Cordlife Persada <sup>7</sup>	Cord blood and cord lining banking services	Indonesia	67	67
<b>Held by Cordlife Stem Cell Technology Limited</b>				
Hong Kong Screening Centre Limited <sup>9</sup>	Dormant	Hong Kong	67	67
<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
SL Diagnostics Sdn. Bhd. (struck off on 9 February 2021)	Dormant	Malaysia	99.03	99.03
Stemlife Biotechnology Sdn. Bhd. <sup>3</sup>	Medical laboratory and diagnostic services and general medical screening tests	Malaysia	99.03	99.03
Stemlife Pte. Ltd. (struck off on 6 January 2020)	Management services	Singapore	–	99.03
<b>Held by Healthbaby Biotech (Hong Kong) Co., Limited</b>				
Healthbaby Biotech (Macau) Co., Limited <sup>8</sup>	Provision of marketing services	Macau	99	99
<b>Held by Cordlife (Hong Kong) Limited</b>				
Healthbaby Biotech (Macau) Co., Limited <sup>8</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 KPMG, India

<sup>6</sup> Audited by BDO Alba Romeo & Co.

<sup>7</sup> Statutory audit not required

<sup>8</sup> Audited by Keng Ou CPAs

<sup>9</sup> Audited by Li, Tang, Chen & Co.



# NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 31 December 2020

## 30 Employee benefits expense

	Group	
	2020 \$'000	2019 \$'000
Salaries, bonuses and other short-term benefits	20,849	22,952
Defined contribution plans	1,436	1,643
Share-based compensation expense (Cordlife Share Grant Plan)	119	580
	22,404	25,175

These include the amount shown as key management personnel compensation in Note 31.

### 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 which was approved by shareholders at an Extraordinary General Meeting held on 18 October 2013.

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 two-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 two-year performance period, 50% of award will vest. Balance will vest in the third year.
Payout	0%-200% depending on the achievement of pre-set performance targets over the performance period. In addition, for a period of at least one year after the award of the shares, 50% of all shares awarded to the participants under the Plan may not be transferred or otherwise disposed of.

### 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

for the financial year ended 31 December 2020

## 30 Employee benefits expense (cont'd)

Movement of share awards during the year

	Group	
	2020	2019
	No. of shares	
Outstanding at the beginning of the year	2,169,700	1,494,570
– Granted	2,955,900	1,976,100
– Awarded	(575,250)	(707,370)
– Cancelled	(1,212,800)	(593,600)
Outstanding at the end of the year	3,337,550	2,169,700

The expense recognised in profit or loss for employee services received under the Cordlife Share Grant Plan during the financial year ended 31 December 2020 is \$119,000 (2019: \$580,000).

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:

	2020	2019
Expected dividend yield (%)	1.31	1.85
Expected volatility (%)	31.02 – 36.97	44.44 – 47.98
Risk-free interest rate (%)	0.25 – 0.30	1.58 – 1.77
Expected term (years)	1 – 2	1 – 2
Share price at date of grant (\$)	0.39	0.47

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 for the year ended 31 December 2020 was \$0.36 – \$0.38 (2019: \$0.45 – \$0.47).

## 31 Related party transactions

Compensation of key management personnel

	Group	
	2020	2019
	\$'000	\$'000
Salaries and bonuses	1,636	1,957
Defined contribution plans	125	139
Other short-term benefits	87	106
Share-based compensation	149	440
Directors' fees	358	384
	2,355	3,026
<i>Comprise amounts paid to:</i>		
Directors of the Company	1,016	1,372
Other key management personnel	1,339	1,654
	2,355	3,026

## 32 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 management 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.

### **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

for the financial year ended 31 December 2020

## 32 Financial instruments (cont'd)

### (i) Credit risk (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	
	2020 \$'000	2019 \$'000	2020 \$'000	2019 \$'000
Singapore	64,496	66,239	53,824	55,802
Hong Kong	1,009	1,659	–	–
India	2,668	2,645	–	–
Malaysia	3,984	4,915	–	–
Philippines	12,083	11,460	–	–
Indonesia	7,398	6,806	–	–
	<u>91,638</u>	<u>93,724</u>	<u>53,824</u>	<u>55,802</u>

As at 31 December 2020, the Group has an RCN from CRC of \$4,491,000 (2019: \$4,386,000) classified as short-term investment. Details are disclosed in Note 14 to the financial statements.

The Group has one investment in money market funds of \$11,173,000 (2019: one investment in money market funds of \$10,625,000) above \$2,000,000. The investments are placed with regulated financial institutions.

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

The Group's and the Company's impaired trade receivables at 31 December 2020 had a gross carrying amount of \$28,530,000 and \$10,936,000, respectively (31 December 2019: \$28,506,000 and \$11,758,000 respectively).

#### *Expected credit loss assessment for individual customers as at 31 December 2020*

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

Loss rates are calculated using a 'roll rate' method based on the probability of a receivable progressing through successive stages of delinquency to write-off. Roll rates are calculated separately for exposures by type of customers based on the common credit risk characteristics.

# NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 31 December 2020

## 32 Financial instruments (cont'd)

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

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

	Weighted average loss rate %	Gross carrying amount \$'000	Impairment loss allowance \$'000	Credit impaired
<b>Group</b>				
<b>2020</b>				
Current (not past due)	1.44	7,233	(104)	No
1-30 days past due	2.72	2,056	(56)	No
31-60 days past due	3.61	1,247	(45)	No
61-90 days past due	5.07	868	(44)	No
More than 90 days past due	28.55	17,126	(4,890)	Yes
		<u>28,530</u>	<u>(5,139)</u>	
<b>2019</b>				
Current (not past due)	0.40	9,501	(38)	No
1-30 days past due	4.08	2,071	(43)	No
31-60 days past due	4.12	1,456	(60)	No
61-90 days past due	7.99	926	(74)	No
More than 90 days past due	29.18	14,552	(4,247)	Yes
		<u>28,506</u>	<u>(4,462)</u>	
<b>Company</b>				
<b>2020</b>				
Current (not past due)	0.36	4,137	(15)	No
1-30 days past due	1.67	777	(13)	No
31-60 days past due	2.08	385	(8)	No
61-90 days past due	2.52	238	(6)	No
More than 90 days past due	21.63	5,399	(1,168)	Yes
		<u>10,936</u>	<u>(1,210)</u>	
<b>2019</b>				
Current (not past due)	0.00	5,177	–	No
1-30 days past due	0.00	986	–	No
31-60 days past due	0.00	567	–	No
61-90 days past due	0.00	292	–	No
More than 90 days past due	20.31	4,736	(962)	Yes
		<u>11,758</u>	<u>(962)</u>	

# NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 31 December 2020

## 32 Financial instruments (cont'd)

### (i) Credit risk (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	
	2020 \$'000	2019 \$'000	2020 \$'000	2019 \$'000
At 1 January	5,358	4,489	1,346	1,282
Impairment loss recognised	1,562	908	268	64
Amounts written off directly from provision	(415)	(50)	(95)	–
Exchange differences	(63)	11	–	–
At 31 December	6,442	5,358	1,519	1,346

### Cash and cash equivalents

The Group and the Company held cash and cash equivalents of \$25,938,000 and \$11,509,000 respectively at 31 December 2020 (2019: \$14,784,000 and \$5,540,000 respectively). The cash and cash equivalents are held with bank and financial institution counterparties, which are rated Baa3 to Aa1, based on Moody's ratings.

Impairment on cash and cash equivalents 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 have low credit risk based on the external credit ratings of the counterparties. The amount of the allowance on cash and cash equivalents was negligible.

### (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.

# NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 31 December 2020

## 32 Financial instruments (cont'd)

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

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

	Cash flows				
	Carrying amount \$'000	Contractual cash flows \$'000	Within 1 year \$'000	Within 2-5 years \$'000	Over 5 years \$'000
<b>Group</b>					
<b>31 December 2020</b>					
<b>Non-derivative financial liabilities</b>					
Trade and other payables	14,794	(14,794)	(14,251)	(543)	–
Interest-bearing borrowings	3,988	(3,988)	(310)	(1,398)	(2,280)
	<u>18,782</u>	<u>(18,782)</u>	<u>(14,561)</u>	<u>(1,941)</u>	<u>(2,280)</u>
<b>31 December 2019</b>					
<b>Non-derivative financial liabilities</b>					
Trade and other payables	16,365	(16,365)	(15,936)	(429)	–
Interest-bearing borrowings	4,298	(4,298)	(302)	(1,286)	(2,710)
	<u>20,663</u>	<u>(20,663)</u>	<u>(16,238)</u>	<u>(1,715)</u>	<u>(2,710)</u>
<b>Company</b>					
<b>31 December 2020</b>					
<b>Non-derivative financial liabilities</b>					
Trade and other payables	4,204	(4,204)	(4,204)	–	–
Amounts owing to subsidiaries	23,675	(23,675)	(10,407)	–	(13,268)
Interest-bearing borrowings	3,988	(3,988)	(310)	(1,398)	(2,280)
	<u>31,867</u>	<u>(31,867)</u>	<u>(14,921)</u>	<u>(1,398)</u>	<u>(15,548)</u>
<b>31 December 2019</b>					
<b>Non-derivative financial liabilities</b>					
Trade and other payables	5,381	(5,381)	(5,381)	–	–
Amounts owing to subsidiaries	22,675	(22,675)	(9,047)	–	(13,628)
Interest-bearing borrowings	4,298	(4,298)	(302)	(1,286)	(2,710)
	<u>32,354</u>	<u>(32,354)</u>	<u>(14,730)</u>	<u>(1,286)</u>	<u>(16,338)</u>

# NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 31 December 2020

## 32 Financial instruments (cont'd)

### (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 denominated in USD.

At the end of the reporting period, if USD/SGD strengthened/weakened by 5% with all other variables held constant, the Group's profit for the year would have been \$86,000 (2019: \$73,000) higher/lower, arising as a result of higher/lower revaluation gains on cash and cash equivalents 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's exposure to interest rate risk arises primarily from the Group's interest-bearing borrowings whose interest rates are subject to re-pricing every quarter.

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.

#### *Sensitivity analysis for interest rate risk*

At the end of the reporting period, if interest rates had been 75 (2019: 75) basis points lower/higher with all other variables held constant, the Group's profit net of tax would have been \$31,000 (2019: \$27,000) higher/lower, arising mainly as a result of lower/higher interest expense on floating rate interest-bearing borrowings.



# NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 31 December 2020

## 32 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	Designated at fair value	Amortised cost	Other financial liabilities	Total	Level 1	Level 2	Level 3	Total
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
<b>Group</b>									
<b>31 December 2020</b>									
<b>Financial assets measured at fair value</b>									
Short-term investments	15,330	4,491	-	-	19,821	-	15,330	4,491	19,821
	<u>15,330</u>	<u>4,491</u>	<u>-</u>	<u>-</u>	<u>19,821</u>				
<b>Financial assets not measured at fair value</b>									
Contract assets	-	-	68,247	-	68,247				
Trade and other receivables <sup>#</sup>	-	-	26,507	-	26,507				
Fixed deposits	-	-	29,443	-	29,443				
Cash and cash equivalents	-	-	25,938	-	25,938				
	<u>-</u>	<u>-</u>	<u>150,135</u>	<u>-</u>	<u>150,135</u>				
<b>Financial liabilities not measured at fair value</b>									
Trade and other payables	-	-	-	(14,794)	(14,794)				
Interest-bearing borrowings <sup>#</sup>	-	-	-	(3,988)	(3,988)				
	<u>-</u>	<u>-</u>	<u>-</u>	<u>(18,782)</u>	<u>(18,782)</u>				

<sup>#</sup> The carrying amount of non-current other receivables and interest-bearing borrowings (current and non-current) reasonably approximate their fair values as they are floating rate instruments that are re-priced to market interest rates on or near the end of the reporting period.

# NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 31 December 2020

## 32 Financial instruments (cont'd)

### Accounting classifications and fair values (cont'd)

	Carrying amount					Fair value			
	Mandatorily at FVTPL	Designated at fair value	Amortised cost	Other financial liabilities	Total	Level 1	Level 2	Level 3	Total
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
<b>Group</b>									
<b>31 December 2019</b>									
<b>Financial assets measured at fair value</b>									
Long-term investments	-	9,531	-	-	9,531	-	-	9,531	9,531
Short-term investments	13,938	-	-	-	13,938	-	13,938	-	13,938
	<u>13,938</u>	<u>9,531</u>	<u>-</u>	<u>-</u>	<u>23,469</u>				
<b>Financial assets not measured at fair value</b>									
Contract assets	-	-	69,680	-	69,680				
Trade and other receivables <sup>#</sup>	-	-	27,964	-	27,964				
Fixed deposits	-	-	25,254	-	25,254				
Cash and cash equivalents	-	-	14,784	-	14,784				
	<u>-</u>	<u>-</u>	<u>137,682</u>	<u>-</u>	<u>137,682</u>				
<b>Financial liabilities not measured at fair value</b>									
Trade and other payables	-	-	-	(16,365)	(16,365)				
Interest-bearing borrowings <sup>#</sup>	-	-	-	(4,298)	(4,298)				
	<u>-</u>	<u>-</u>	<u>-</u>	<u>(20,663)</u>	<u>(20,663)</u>				

<sup>#</sup> The carrying amount of non-current other receivables and interest-bearing borrowings (current and non-current) reasonably approximate their fair values as they are floating rate instruments that are re-priced to market interest rates on or near the end of the reporting period.

# NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 31 December 2020

## 32 Financial instruments (cont'd)

### Accounting classifications and fair values (cont'd)

	Carrying amount				Fair value			
	Designated at fair value	Amortised cost	Other financial liabilities	Total	Level 1	Level 2	Level 3	Total
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
<b>Company</b>								
<b>31 December 2020</b>								
<b>Financial assets measured at fair value</b>								
Short-term investments	4,491	-	-	4,491	-	-	4,491	4,491
<b>Financial assets not measured at fair value</b>								
Contract assets	-	44,098	-	44,098				
Trade and other receivables <sup>#</sup>	-	10,252	-	10,252				
Cash and cash equivalents	-	11,509	-	11,509				
Amounts owing by subsidiaries	-	21,883	-	21,883				
	-	87,742	-	87,742				
<b>Financial liabilities not measured at fair value</b>								
Trade and other payables	-	-	(4,204)	(4,204)				
Interest-bearing borrowings <sup>#</sup>	-	-	(3,988)	(3,988)				
Amounts owing to subsidiaries	-	-	(23,675)	(23,675)				
	-	-	(31,867)	(31,867)				
<b>31 December 2019</b>								
<b>Financial assets measured at fair value</b>								
Long-term investments	9,531	-	-	9,531	-	-	9,531	9,531
<b>Financial assets not measured at fair value</b>								
Contract assets	-	45,006	-	45,006				
Trade and other receivables <sup>#</sup>	-	11,706	-	11,706				
Cash and cash equivalents	-	5,540	-	5,540				
Amounts owing by subsidiaries	-	19,157	-	19,157				
	-	81,409	-	81,409				
<b>Financial liabilities not measured at fair value</b>								
Trade and other payables	-	-	(5,381)	(5,381)				
Interest-bearing borrowings <sup>#</sup>	-	-	(4,298)	(4,298)				
Amounts owing to subsidiaries	-	-	(22,675)	(22,675)				
	-	-	(32,354)	(32,354)				

<sup>#</sup> The carrying amount of non-current other receivables and interest-bearing borrowings (current and non-current) reasonably approximate their fair values as they are floating rate instruments that are re-priced to market interest rates on or near the end of the reporting period.

# NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 31 December 2020

## 33 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 and significant unobservable inputs

The following tables show the valuation techniques used in measuring Level 2 and Level 3 fair values, as well as the significant unobservable inputs used.

#### Financial assets measured at fair value

Type	Valuation technique	Significant unobservable inputs	Inter-relationship between key unobservable inputs and fair value measurement
<b>Group</b>			
Short-term investments	Net asset value of money market funds	Not applicable	Not applicable
<b>Group and Company</b>			
Long-term and short-term investments	- Expected receivable per scenario analysis - Amortised cost including interest receivable	Not applicable	Not applicable

The following tables shows a reconciliation from the opening balances to the ending balances for the Level 3 fair values:

	Group and Company Investments – at FVTPL	
	2020 \$'000	2019 \$'000
At 1 January	9,531	8,400
Redemption of long-term investments	(5,145)	–
Total unrealised gains and losses recognised in profit or loss		
– Interest income	118	186
– Net change in fair value of FVTPL	(13)	945
At 31 December	4,491	9,531

# NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 31 December 2020

## 34 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 of the banking of samples such as cord blood, cord lining and cord tissue. Cord blood, cord lining and cord tissue are collected, processed and stored in the various laboratories in the regions that the Group operates in.
- The diagnostics segment comprises diagnostic testing such as non-invasive prenatal testing service, newborn metabolic screening, newborn genetic screening and paediatric vision screening 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:

- Interest income excluding interest income on contract assets.
- Income taxes that are managed on a group basis.
- Subsidiaries not in the principal activities of the provision of cord blood, cord lining and cord tissue banking services, non-invasive prenatal testing services, newborn metabolic screening, and paediatric vision screening services.

No operating segments have been aggregated to form the above reportable operating segments.

### Segment revenue

	Banking \$'000	Diagnostics \$'000	Total \$'000
<b>Year ended 31 December 2020</b>			
Revenue from external customers	47,950	2,666	50,616
Total consolidated revenue			<u>50,616</u>
<b>Year ended 31 December 2019</b>			
Revenue from external customers			
Total consolidated revenue	60,009	1,570	61,579
			<u>61,579</u>

# NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 31 December 2020

## 34 Segment reporting (cont'd)

### Segment results

	Banking \$'000	Diagnostics \$'000	Total \$'000
<b>Year ended 31 December 2020</b>			
Depreciation and amortisation	(4,132)	(11)	(4,143)
Segment profit	4,446	672	5,118
Fair value loss on investment properties			(194)
Reversal of impairment loss on investment in associate			386
Share of profit of associate			367
Loss on financial asset at fair value through profit or loss			(13)
Finance income			2,228
Finance costs			(341)
Profit before income tax			7,551
Income tax			(1,001)
Profit for the year			<u>6,550</u>
<b>Year ended 31 December 2019</b>			
Depreciation and amortisation	(4,273)	(11)	(4,284)
Segment profit	5,473	235	5,708
Fair value loss on investment properties			(326)
Gain on financial asset at fair value through profit or loss			945
Finance income			2,109
Finance costs			(311)
Profit before income tax			8,125
Income tax			(1,663)
Profit for the year			<u>6,462</u>

### Segment assets and liabilities

	Banking \$'000	Diagnostics \$'000	Others* \$'000	Total \$'000
<b>Year ended 31 December 2020</b>				
Additions to non-current assets, comprising additions to property, plant and equipment and intangible assets	3,808	–	–	3,808
Segment assets	271,042	50	558	271,650
Investment in associate				769
Investment properties				7,531
Short-term investments				4,491
Eliminations <sup>+</sup>				(51,225)
Per consolidated financial statements				<u>233,216</u>
Segment liabilities	132,336	627	11,084	144,047
Tax payables				2,471
Deferred tax liabilities				4,625
Eliminations <sup>+</sup>				(51,149)
Per consolidated financial statements				<u>99,994</u>

# NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 31 December 2020

## 34 Segment reporting (cont'd)

### Segment assets and liabilities (cont'd)

	Banking \$'000	Diagnostics \$'000	Others* \$'000	Total \$'000
<b>Year ended 31 December 2019</b>				
Additions to non-current assets, comprising additions to property, plant and equipment and intangible assets	3,243	–	–	3,243
Segment assets	253,322	66	552	253,940
Long-term investments				9,531
Investment properties				7,730
Eliminations <sup>+</sup>				(46,930)
Per consolidated financial statements				<u>224,271</u>
Segment liabilities	123,080	622	11,066	134,768
Tax payables				1,767
Deferred tax liabilities				5,211
Eliminations <sup>+</sup>				(46,747)
Per consolidated financial statements				<u>94,999</u>

\* Inter-segment balances are eliminated on consolidation.

\* Others refer to the assets and liabilities of subsidiaries not in the principal activities of the provision of cord blood, cord lining and cord tissue banking and diagnostic services.

	Revenue		Non-current assets	
	2020 \$'000	2019 \$'000	2020 \$'000	2019 \$'000
Singapore	21,210	26,619	10,658	10,670
Hong Kong	7,779	9,331	23,161	22,488
India	8,936	11,112	3,600	3,672
Malaysia	3,673	4,218	15,294	17,542
Philippines	4,377	5,852	309	412
Others	4,641	4,447	2,906	2,450
	<u>50,616</u>	<u>61,579</u>	<u>55,928</u>	<u>57,234</u>

Non-current assets information presented above consist of property, plant and equipment, investment properties and intangible assets.

# NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 31 December 2020

## 35 Dividends

The following exempt (one-tier) dividends were declared and paid by the Group and Company.

	<b>Group and Company</b>	
	<b>2020</b>	<b>2019</b>
	<b>\$'000</b>	<b>\$'000</b>
<b><i>Paid by the Company to owners of the Company</i></b>		
<i>Dividends on ordinary shares:</i>		
Final tax exempt (one-tier) dividend for 31 December 2018: 0.4 cents per share	–	1,013
Final tax exempt (one-tier) dividend for 31 December 2019: 1.0 cent per share	2,540	–
	2,540	1,013

After the respective reporting dates, the following exempt (one-tier) dividends were proposed by the directors, subject to shareholders' approval at the AGM. These exempt (one-tier) dividends have not been provided for.

	<b>Group and Company</b>	
	<b>2020</b>	<b>2019</b>
	<b>\$'000</b>	<b>\$'000</b>
Final tax exempt (one-tier) dividend for 31 December 2020: 0.9 cents per share	2,291	–
Final tax exempt (one-tier) dividend for 31 December 2019: 1.0 cent per share	–	2,540
	2,291	2,540

## 36 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 adjustment 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 2020 and 2019.

The Group is currently in a net cash position. The Group monitors capital using a total debt to total equity ratio, which is interest-bearing borrowings divided by total equity attributable to owners of the Company.

	<b>Group</b>	
	<b>2020</b>	<b>2019</b>
	<b>\$'000</b>	<b>\$'000</b>
Interest-bearing borrowings	3,988	4,298
Equity attributable to owners of the Company	133,096	129,149
Total debt to total equity ratio	3.00%	3.33%

## 37 Subsequent events

On 17 March 2021, the Company repaid the outstanding interest-bearing borrowings of \$3,910,000. Following the settlement, all charges on the Company's leasehold buildings, investment properties and current trade receivables will be discharged.



# STATISTICS OF SHAREHOLDINGS

as at 22 March 2021

Class of equity securities : Ordinary Shares  
 Number of equity securities : 254,582,744 ordinary shares (excluding treasury shares)  
 Voting rights : One vote per share  
 Number of treasury shares : 12,942,610 ordinary shares

## STATISTICS OF SHAREHOLDERS

Size of Holdings	No. of Shareholders	%	No. of Shares	%
1 - 99	18	0.96	418	0.00
100 - 1,000	170	9.11	117,613	0.05
1,001 - 10,000	1,097	58.76	6,275,762	2.46
10,001 - 1,000,000	570	30.53	27,957,295	10.98
1,000,001 and above	12	0.64	220,231,656	86.51
	1,867	100.00	254,582,744	100.00

## SUBSTANTIAL SHAREHOLDERS AS AT 22 MARCH 2021

(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	10.02	–	–
China Stem Cells Holdings Limited	–	–	25,516,666 <sup>(2)</sup>	10.02
China Cord Blood Services Corporation	–	–	25,516,666 <sup>(3)</sup>	10.02
Global Cord Blood Corporation	–	–	25,516,666 <sup>(4)</sup>	10.02
Blue Ocean Structure Investment Company Ltd (BVI)	–	–	25,516,666 <sup>(5)</sup>	10.02
Blue Ocean Creation Investment Hong Kong Limited	–	–	25,516,666 <sup>(6)</sup>	10.02
Shanghai Blue Ocean Ke Rui Financial Information Service Partnership	–	–	25,516,666 <sup>(7)</sup>	10.02
Nanjing Ying Peng Hui Kang Medical Industry Investment Partnership (Limited Partnership)	–	–	25,516,666 <sup>(8)</sup>	10.02
Nanjing Ying Peng Asset Management Limited	–	–	25,516,666 <sup>(9)</sup>	10.02
Sanpower Group Nanjing Investment Management Limited	–	–	25,516,666 <sup>(10)</sup>	10.02
Nanjing Xinjiekou Department Store Co., Ltd.	51,870,000	20.37	–	–
Sanpower Group Corporation	–	–	77,386,666 <sup>(11)</sup>	30.40
Yuan Yafei	–	–	77,386,666 <sup>(12)</sup>	30.40
Full Day Limited	41,460,300	16.29	–	–
Sincere View International Limited	30,000,000	11.78	–	–
Hon Kwok Lung	–	–	71,460,300 <sup>(13)</sup>	28.07

# STATISTICS OF SHAREHOLDINGS

as at 22 March 2021

Substantial Shareholders	Direct		Deemed	
	Number of Shares	% of total issued Shares <sup>(1)</sup>	Number of Shares	% of total issued Shares <sup>(1)</sup>
Lam Suk Ying	–	–	71,460,300 <sup>(14)</sup>	28.07
Robust Plan Limited	15,920,000	6.25	–	–
Shanghai Dunheng Capital Management Co., Ltd	–	–	15,920,000 <sup>(15)</sup>	6.25
Jiaxing Huiling No. 3 Investment Partnership (Limited Partnership)	–	–	15,920,000 <sup>(16)</sup>	6.25
Minsheng (Shanghai) Asset Management Co., Ltd.	–	–	15,920,000 <sup>(17)</sup>	6.25
China Minsheng Investment Corp., Ltd	–	–	15,920,000 <sup>(18)</sup>	6.25
Jiaxing Huiling Capital Management Co., Ltd	–	–	15,920,000 <sup>(19)</sup>	6.25
CMI Capital Co., Ltd	–	–	15,920,000 <sup>(20)</sup>	6.25
Vcanland Holding Group Company Limited	–	–	18,133,000 <sup>(21)</sup>	7.12
Li Defu	–	–	18,133,000 <sup>(22)</sup>	7.12

## Notes:

- (1) As a percentage of the issued share capital of the Company (excluding the 12,942,610 Shares held as treasury shares), comprising 254,582,744 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.
- (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.

# STATISTICS OF SHAREHOLDINGS

as at 22 March 2021

- (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 July 2019, Hon Kwok Lung is the sole shareholder of Full Day Limited ("**FDL**") and holds 80% equity interest in Sincere View International Limited ("**SVIL**"). Lam Suk Ying, the spouse of Hon Kwok Lung, holds 20% equity interest in SVIL. Hon Kwok Lung is therefore deemed to be interested in the Shares held by FDL and SVIL by virtue of Section 4 of the SFA.
- (14) Based on the Form 3 received by the Company on 10 July 2019, Lam Suk Ying holds 20% equity interest in SVIL. Hon Kwok Lung, the spouse of Lam Suk Ying, is the sole shareholder of FDL and holds 80% equity interest in SVIL. Lam Suk Ying is therefore deemed to be interested in the Shares held by FDL and SVIL by virtue of Section 4 of the SFA.
- (15) Based on the Form 3 received by the Company on 16 September 2015, Shanghai Dunheng Capital Management Co., Ltd ("**SDCMCL**") is the sole shareholder of Robust Plan Limited ("**RPL**") and is therefore deemed to be interested in the Shares held by RPL by virtue of Section 4 of the SFA.
- (16) Based on the Form 3 received by the Company on 16 September 2015, Jiaxing Huiling No. 3 Investment Partnership (Limited Partnership) ("**JX No.3**") is the sole shareholder of SDCMCL and is therefore deemed to be interested in the Shares held by RPL by virtue of Section 4 of the SFA.
- (17) Based on the Form 3 received by the Company on 16 September 2015, 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.
- (18) Based on the Form 3 received by the Company on 16 September 2015, 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.
- (19) Based on the Form 3 received by the Company on 16 September 2015, 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.
- (20) Based on the Form 3 received by the Company on 16 September 2015, 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.
- (21) 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.
- (22) 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.

# STATISTICS OF SHAREHOLDINGS

as at 22 March 2021

## TWENTY LARGEST SHAREHOLDERS

No.	Name	No. of Shares	%
1	MAYBANK KIM ENG SECURITIES PTE. LTD	76,141,800	29.91
2	CGS-CIMB SECURITIES (SINGAPORE) PTE LTD	41,553,764	16.32
3	RAFFLES NOMINEES (PTE) LIMITED	27,416,899	10.77
4	DBS NOMINEES PTE LTD	16,611,345	6.52
5	DBS VICKERS SECURITIES (SINGAPORE) PTE LTD	14,266,100	5.60
6	ALLY HONOUR TRADING (HK) LIMITED	12,800,000	5.03
7	PHILLIP SECURITIES PTE LTD	10,554,663	4.15
8	OCBC SECURITIES PRIVATE LTD	8,034,700	3.16
9	CITIBANK NOMINEES SINGAPORE PTE LTD	6,172,358	2.42
10	COOP INTERNATIONAL PTE LTD	3,107,000	1.22
11	TANTALUM CELLULAR PRODUCTS LLC	2,566,972	1.01
12	ABN AMRO CLEARING BANK N.V.	1,006,055	0.40
13	UNITED OVERSEAS BANK NOMINEES PTE LTD	960,750	0.38
14	OCBC NOMINEES SINGAPORE PTE LTD	897,300	0.35
15	HSBC (SINGAPORE) NOMINEES PTE LTD	885,800	0.35
16	UOB KAY HIAN PTE LTD	588,000	0.23
17	THET HNIN YI	554,420	0.22
18	TAN POH LAN	534,480	0.21
19	KHENG MAY LIAN SUSAN	487,970	0.19
20	LEE IN CHUN	487,200	0.19
	Total	225,627,576	88.63

## FREE FLOAT [Rule 1207(9) of the Listing Manual]

As at 22 March 2021, approximately 33.47% of the shareholding in the Company was held in the hands of the public (based on the information available to the Company). Accordingly, the Company has complied with Rule 723 of the Listing Manual.

# NOTICE OF ANNUAL GENERAL MEETING

**NOTICE IS HEREBY GIVEN** that the Annual General Meeting of Cordlife Group Limited (the “Company”) will be held by electronic means (via live webcast and live audio feed) on Friday, 30 April 2021 at 10.00am (Singapore time) for the following purposes:

## Ordinary Business

1. To receive and adopt the Audited Financial Statements of the Company for the financial year ended 31 December 2020 together with the Directors’ Statement and Auditor’s Report thereon. **(Resolution 1)**
2. To re-elect Dr Ho Choon Hou who is retiring pursuant to Article 94 of the Company’s Constitution. **(Resolution 2)**  
[See Explanatory Note (i)]
3. To re-elect Mr Yeo Hwee Tiong who is retiring pursuant to Article 94 of the Company’s Constitution. **(Resolution 3)**  
[See Explanatory Note (ii)]
4. To re-elect Mr Fong Chi Wah who is retiring pursuant to Article 94 of the Company’s Constitution. **(Resolution 4)**  
[See Explanatory Note (iii)]
5. To approve the payment of a final tax exempt (1-tier) dividend of S\$0.009 per ordinary share for the financial year ended 31 December 2020. **(Resolution 5)**
6. To approve the payment of Directors’ fees of up to S\$450,000 for the Directors of the Company for the financial year ending 31 December 2021, payable quarterly in arrears (2020: S\$450,000). **(Resolution 6)**
7. To re-appoint Messrs KPMG LLP as the Auditors of the Company and to authorise the Directors to fix their remuneration. **(Resolution 7)**
8. To transact any other ordinary business which may properly be transacted at an Annual General Meeting.

## Special Business

To consider and, if thought fit, to pass the following resolutions as Ordinary Resolutions, with or without any modifications:

9. Authority to allot and issue shares

“That, pursuant to Section 161 of the Companies Act, (Chapter 50 of Singapore) (the “**Companies Act**”) and Rule 806(2) of the Listing Manual of the SGX-ST, authority be and is hereby given to the Directors of the Company (“**Directors**”) to:-

- (a) (i) issue shares in the capital of the Company (“**shares**”) whether by way of rights, bonus or otherwise; and/or
- (ii) make or grant offers, agreements or options (collectively, “**Instruments**”) that might or would require shares to be issued, including but not limited to the creation and issue of (as well as adjustments to) warrants, debentures or other instruments convertible into shares,

at any time and upon such terms and conditions and for such purposes and to such persons as the Directors may in their absolute discretion deem fit; and

# NOTICE OF ANNUAL GENERAL MEETING

- (b) (notwithstanding that the authority conferred by this Resolution may have ceased to be in force) issue shares in pursuance of any Instrument made or granted by the Directors while this Resolution was in force,

provided that:

- (1) the aggregate number of shares to be issued pursuant to this Resolution (including shares to be issued in pursuance of Instruments made or granted pursuant to this Resolution) does not exceed fifty per cent. (50%) of the Company's total number of issued shares excluding treasury shares (as calculated in accordance with sub-paragraph (2) below), of which the aggregate number of shares to be issued other than on a pro-rata basis to existing shareholders of the Company (including shares to be issued in pursuance of Instruments made or granted pursuant to this Resolution) does not exceed twenty per cent. (20%) of the Company's total number of issued shares excluding treasury shares (as calculated in accordance with sub-paragraph (2) below). Unless prior shareholder approval is required under the Listing Manual of the SGX-ST, an issue of treasury shares will not require further shareholder approval, and will not be included in the aforementioned limits.
- (2) (subject to such manner of calculation as may be prescribed by the SGX-ST) for the purpose of determining the aggregate number of shares that may be issued under sub-paragraph (1) above, the total number of issued shares excluding treasury shares is based on the Company's total number of issued shares excluding treasury shares at the time this Resolution is passed, after adjusting for:
  - (i) new shares arising from the conversion or exercise of any convertible securities or share options or vesting of share awards, which are outstanding or subsisting at the time this Resolution is passed; and
  - (ii) any subsequent bonus issue, consolidation or subdivision of shares;
- (3) in exercising the authority conferred by this Resolution, the Company shall comply with the provisions of the Listing Manual of the SGX-ST for the time being in force (unless such compliance has been waived by the SGX-ST) and the Constitution for the time being of the Company; and
- (4) (unless revoked or varied by the Company in general meeting) the authority conferred by this Resolution shall continue in force until the conclusion of the next Annual General Meeting of the Company or the date by which the next Annual General Meeting of the Company is required by law to be held, whichever is the earlier."

**(Resolution 8)**

[See Explanatory Note (iv)]

10. Authority to grant share awards and to issue shares under the "Cordlife Share Grant Plan" (the "**Share Grant Plan**")

"That the Directors be and are hereby authorised to grant awards in accordance with the provisions of the Share Grant Plan and to allot and issue from time to time such number of fully paid-up shares as may be required to be delivered pursuant to the vesting of awards under the Share Grant Plan, provided that the total number of new shares which may be issued or shares which may be delivered pursuant to the awards granted under the Share Grant Plan, and all shares, options or awards granted under any other share scheme of the Company then in force, shall not exceed 15% of the issued share capital of the Company (excluding treasury shares) on the day preceding the relevant date of the award."

**(Resolution 9)**

[See Explanatory Note (v)]

# NOTICE OF ANNUAL GENERAL MEETING

## 11. Proposed renewal of the Share Purchase Mandate

“That:-

- (a) for the purposes of the Companies Act (Chapter 50 of Singapore) (the “**Companies Act**”), the exercise by the directors of the Company (the “**Directors**”) of all the powers of the Company to purchase or otherwise acquire issued and fully paid ordinary shares (“**Shares**”) in the share capital of the Company not exceeding in the aggregate the Maximum Limit (as hereinafter defined), at such price(s) as may be determined by the Directors from time to time up to the Maximum Price (as hereinafter defined), whether by way of:
- (i) market purchases or acquisitions of Shares (each a “**Market Purchase**”) on the Singapore Exchange Securities Trading Limited (the “**SGX-ST**”); and/or
  - (ii) off-market purchases or acquisitions of Shares (each an “**Off-Market Purchase**”) in accordance with any equal access scheme(s) as may be determined or formulated by the Directors as they consider fit, which scheme(s) shall satisfy all the conditions prescribed by the Companies Act,

and otherwise in accordance with all other laws and regulations, including but not limited to, the provisions of the Companies Act and the listing rules of the SGX-ST as may for the time being be applicable, be and is hereby authorised and approved generally and unconditionally (the “**Share Purchase Mandate**”);

- (b) the authority conferred on the Directors of the Company pursuant to the Share Purchase Mandate may be exercised by the Directors at any time and from time to time during the period commencing from the date of the passing of this Resolution and expiring on the earliest of:
- (i) the date on which the next Annual General Meeting of the Company is held or required by law to be held;
  - (ii) the date on which the Share purchases or acquisitions by the Company pursuant to the Share Purchase Mandate are carried out to the full extent mandated; and
  - (iii) the date on which the authority conferred by the Share Purchase Mandate is revoked or varied by the Company in a general meeting;

- (c) in this Resolution:

“**Average Closing Market Price**” means the average of the closing market prices of the Shares over the last five (5) Market Days, on which transactions in the Shares were recorded, preceding the day of the Market Purchase or, as the case may be, the day of the making of the offer pursuant to the Off-Market Purchase, and deemed to be adjusted for any corporate action that occurs during the relevant five (5)-day period and the day on which the Market Purchase was made;

“**day of the making of the offer**” means the day on which the Company announces its intention to make an offer for the purchase of Shares from shareholders of the Company, stating the purchase price (which shall not be more than the Maximum Price) for each Share and the relevant terms of the equal access scheme for effecting the Off-Market Purchase;

“**Market Day**” means a day on which the SGX-ST is open for securities trading;

“**Maximum Limit**” means that number of Shares representing 5% of the total number of issued Shares as at the date of the passing of this Resolution, unless the Company has effected a reduction in the share capital of the Company in accordance with the applicable provisions of the Companies Act, at any time during the Relevant Period, in which event the total number of issued Shares of the Company shall be taken to be the total number of issued Shares of the Company, as altered. Any shares which are held as treasury shares and subsidiary holdings will be disregarded for the purpose of computing the 5% limit;

“**Maximum Price**” in relation to a Share to be purchased or acquired, means the purchase price (excluding brokerage, commission, stamp duties, applicable goods and services tax and other related expenses) which shall not exceed (in the case of both a Market Purchase and an Off-Market Purchase pursuant to an equal access scheme) 105% of the Average Closing Market Price of the Shares; and

# NOTICE OF ANNUAL GENERAL MEETING

**“Relevant Period”** means the period commencing from the date on which the last Annual General Meeting was held and expiring on the date the next Annual General Meeting is held or is required by law to be held, whichever is the earlier, after the date this Resolution is passed; and

- (d) the Directors of the Company and/or any of them be and are hereby authorised to complete and do all such acts and things (including executing such documents as may be required) as they and/or he may consider expedient or necessary to give effect to the transactions contemplated and/or authorised by this Resolution.

**(Resolution 10)**

[See Explanatory Note (vi)]

By Order of the Board

Ang Siew Koon  
Company Secretary

Singapore,  
15 April 2021

## Explanatory Notes:

- (i) Dr Ho Choon Hou (“**Dr Ho**”), if re-elected, will be considered independent until 31 December 2021 for the purpose of Rule 704(8) and Rule 210(5)(d)(iii)(A) (which will take effect from 1 January 2022) of the Listing Manual of SGX-ST. He will remain as the Acting Chairman of the Board, Chairman of the Remuneration Committee, and member of the Audit and Risk Committee and Nominating Committee until 31 December 2021 or such time when the Board deems changes to the Board Committees to be necessary.
- (ii) Mr Yeo Hwee Tiong (“**Mr Yeo**”) is considered independent for the purpose of Rule 704(8) of the Listing Manual of SGX-ST. If re-elected, Mr Yeo will remain as the Chairman of the Nominating Committee and a member of the Remuneration Committee.
- (iii) If re-elected, Mr Fong Chi Wah will remain as a member of the Audit and Risk Committee and Remuneration Committee.
- (iv) **Ordinary Resolution 8** proposed under agenda item 9 above, if passed, will authorise and empower the Directors from the date of this AGM until the next AGM to issue shares and/or convertible securities in the Company up to an amount not exceeding in aggregate 50% of the total number of issued shares excluding treasury shares of which the total number of shares and convertible securities issued other than on a pro-rata basis to existing shareholders shall not exceed 20% of the total number of issued shares excluding treasury shares of the Company at the time the resolution is passed, for such purposes as they consider would be in the interests of the Company. This authority will, unless revoked or varied at a general meeting, expire at the next AGM of the Company.
- (v) **Ordinary Resolution 9** proposed under agenda item 10 above is to authorise the Directors to grant share awards and to issue shares under the Share Grant Plan approved by the shareholders of the Company at the extraordinary general meeting held on 18 October 2013.
- (vi) **Ordinary Resolution 10**

The Company intends to use internal sources of funds, or a combination of internal sources of funds and external borrowings, to finance purchases or acquisitions of Shares pursuant to the Share Purchase Mandate. The Directors do not propose to carry out purchases pursuant to the Share Purchase Mandate to such an extent that would, or in the circumstances that might, result in a material adverse effect on the financial position (including working capital and gearing) of the Group as a whole and/or affect the listing status of the Company on the SGX-ST. The amount of financing required for the Company to purchase or acquire its Shares and the impact on the Company’s financial position cannot be ascertained as at the date of this Notice as these will depend on, *inter alia*, whether the Shares are purchased out of capital or profits of the Company, the price paid for such Shares, the aggregate number of Shares purchased or acquired and whether the Shares purchased are held in treasury or cancelled. An illustration of the financial impact of the Share purchases by the Company pursuant to the Share Purchase Mandate on the audited financial statements of the Company and its subsidiaries for the financial year ended 31 December 2020 is set out in the Company’s letter to Shareholders dated 15 April 2021. Shareholders should note that the financial effects set out therein are purely for illustrative purposes only.



# NOTICE OF ANNUAL GENERAL MEETING

## Record Date and Payment Date for Final Dividend

Subject to the approval of the shareholders at the forthcoming Annual General Meeting, the Register of Members and the Transfer Books of the Company will be closed on 11 May 2021 for the purpose of preparing the dividend warrants for the final dividend (“**Dividend**”).

Duly completed registrable transfers received by the Company’s Share Registrar, Tricor Barbinder Share Registration Services at 80 Robinson Road, #11-02 Singapore 068898 up to 5.00pm on 10 May 2021 (the “**Record Date**”) will be registered to determine members’ entitlements to the Dividend. Subject as aforesaid, persons whose securities accounts with The Central Depository (Pte) Limited are credited with ordinary shares in the capital of the Company as at 5.00pm on the Record Date will be entitled to the Dividend.

The Dividend, if approved by the shareholders at the Annual General Meeting, will be paid on 28 May 2021.

### **IMPORTANT NOTICE TO SHAREHOLDERS REGARDING THE CONDUCT OF THE COMPANY’S AGM ON FRIDAY, 30 APRIL 2021 AT 10.00 A.M.**

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 (as amended from time to time) (“**COVID-19 Order**”), Cordlife Group Limited (the “**Company**”) will arrange for (i) a “live” webcast of the AGM, which allows Shareholders to view the proceedings of the AGM (“**LIVE WEBCAST**”); and (ii) a “live” audio feed of the AGM, which allows Shareholders to observe the proceedings of the AGM (“**AUDIO FEED**”). **Shareholders can ONLY participate in the AGM via LIVE WEBCAST or AUDIO FEED. The Company will not accept any physical attendance by Shareholders at the physical location of the AGM, and any Shareholder seeking to attend the AGM physically in person will be turned away.**

Shareholders should note the following procedures and/or instructions to participate in the AGM via LIVE WEBCAST or AUDIO FEED:

1.	<b>Proxy Voting</b>	<p><b>Voting at the AGM is by proxy ONLY.</b> Shareholders who wish to vote on any or all of the resolutions at the AGM must appoint the Chairman of the AGM as your proxy to vote on your behalf by completing the proxy form attached to the Notice of AGM by downloading it from the Company’s announcement on SGXNet or from the Company’s investor relations website at <a href="https://cordlife.listedcompany.com/corporate_news.html">https://cordlife.listedcompany.com/corporate_news.html</a>. Shareholders should specifically indicate how they wish to vote for or vote against (or abstain from voting on) the resolutions set out in the Notice of AGM.</p> <p>Shareholders must submit the completed and signed proxy form appointing the Chairman of the AGM as proxy (i) <b>by email to <a href="mailto:sg.is.proxy@sg.tricorglobal.com">sg.is.proxy@sg.tricorglobal.com</a></b>; or (ii) <b>by post to the Company’s Share Registrar, Tricor Barbinder Share Registration Services, 80 Robinsons Road, #11-02, Singapore 068898, by 10.00 a.m. on Wednesday, 28 April 2021</b> (being not less than forty-eight (48) hours before the time fixed for the AGM). Any incomplete proxy form will be rejected by the Company.</p> <p><b>In light of the current COVID-19 situation and the related safe distancing measures, which may make it difficult for members of the Company to submit completed proxy forms by post, members of the Company are strongly encouraged to submit completed proxy forms electronically via email.</b></p> <p>For SRS investors who wish to appoint the Chairman of the AGM as their proxy, they should approach their respective SRS Operators to submit their votes <b>by email to <a href="mailto:sg.is.proxy@sg.tricorglobal.com">sg.is.proxy@sg.tricorglobal.com</a> or post to the Company’s Share Registrar, Tricor Barbinder Share Registration Services, 80 Robinsons Road #11-02, Singapore 068898</b> at least seven (7) working days before the AGM.</p>
2.	<b>Registration to attend the AGM</b>	<p>Shareholders who wish to attend the AGM can participate by registering at the link as follows:-</p> <p><a href="https://cordlifeagmfy21.listedcompany.com/page/notice">https://cordlifeagmfy21.listedcompany.com/page/notice</a></p> <p><b>by 10.00 a.m. on Tuesday, 27 April 2021</b> (being not less than 72 hours before the time fixed for the AGM) (the “<b>Registration Deadline</b>”) to enable the Company to verify the Shareholders’ status. After the verification process, an email containing instructions to access both the LIVE WEBCAST and AUDIO FEED will be sent to authenticated Shareholders <b>by 3.00pm on Thursday, 29 April 2021</b>.</p> <p><b>If the shareholders or their corporate representatives who have pre-registered by the Registration Deadline, but did not receive an email by 3.00pm on Thursday, 29 April 2021, they may contact the Company for assistance at +65 62380808.</b></p> <p>Shareholders may attend the LIVE WEBCAST or AUDIO FEED via your smartphones, tablets or laptops/ computers.</p>

# NOTICE OF ANNUAL GENERAL MEETING

		<p>Shareholders who wish to attend the AGM via LIVE WEBCAST or AUDIO FEED are reminded that the AGM is private. Invitations to attend the LIVE WEBCAST or AUDIO FEED shall not be forwarded to anyone who is not a Shareholder of the Company or who is not authorised to attend the LIVE WEBCAST or AUDIO FEED. Recording of the LIVE WEBCAST and AUDIO FEED in whatever form is also strictly prohibited.</p> <p>The Company would like to seek Shareholders' understanding in the event of any technical disruptions during the LIVE WEBCAST and AUDIO FEED.</p>
3.	<b>Shareholders' Questions and Answers (Q&amp;A)</b>	<p>Shareholders will not be able to ask questions at the AGM during the LIVE WEBCAST or AUDIO FEED. Therefore, it is important for shareholders to pre-register and submit their questions in advance of the AGM.</p> <p>Shareholders can submit their questions related to the resolutions to be tabled for approval at the AGM to the Chairman of the Meeting at the link as follows:-</p> <p><b><a href="https://cordlifeagmfy21.listedcompany.com/page/notice">https://cordlifeagmfy21.listedcompany.com/page/notice</a></b></p> <p>Submission deadline for questions is <b>by 10.00 a.m. on Tuesday, 27 April 2021</b> (72 hours before the AGM).</p> <p>Please note that substantial questions and relevant comments from Shareholders would be addressed by the Company (as may be determined by the Company at its sole discretion) and posted on SGXNet before the AGM. The Company will also address any subsequent clarifications sought, or follow-up questions, prior to, or at, the AGM in respect of substantial and relevant matters. The responses from the Board and management of the Company shall thereafter be published in the Company's Minutes of the AGM on SGXNet and the Company's website within one (1) month after the conclusion of the AGM.</p> <p>Shareholders who have been appointed as proxies by relevant intermediaries under Section 181(1C) of the Companies Act, Cap. 50 of Singapore, such as SRS investors, should approach their respective agents, such as SRS Operators, to submit their questions in relation to any resolution set out in the Notice of AGM prior to the AGM and have their substantial queries and relevant comments answered.</p>
4.	<b>Documents for the AGM</b>	<p>Documents relating to the business of the AGM, which comprise the Company's annual report for the financial year ended 31 December 2020, as well as the Letter to Shareholders dated 15 April 2021, this Notice of AGM, the disclosure of information on Directors seeking re-election, and the proxy form for the AGM (collectively, the "<b>AGM Documents</b>"), have been sent to members of the Company by electronic means via publication on SGXNet and the Company's investor relations website at <b><a href="https://cordlife.listedcompany.com/corporate_news.html">https://cordlife.listedcompany.com/corporate_news.html</a></b> on 15 April 2021.</p> <p><b>Please note that printed copies of the AGM Documents will NOT be sent to members of the Company.</b></p>
<p>Due to the constantly evolving COVID-19 situation, the Company may be required to change its AGM arrangements at short notice. Shareholders are advised to check the Company's website or announcements released on SGXNet for the latest updates on the status of the AGM.</p>		

## "Personal data privacy:

By submitting an instrument appointing the Chairman of the Meeting to attend, speak and vote at the Annual General Meeting and/or any adjournment thereof, a member of the Company consents to the collection, use and disclosure of the member's personal data by the Company (or its agents) for the purpose of the processing and administration by the Company (or its agents) of the appointment of the Chairman of the Meeting as proxy for the Annual General Meeting (including any adjournment thereof) and the preparation and compilation of the attendances lists, minutes and other documents relating to the Annual General Meeting (including any adjournment thereof), and in order for the Company (or its agent) to comply with any applicable laws, listing rules, regulations and/or guidelines."

## DISCLOSURE OF INFORMATION ON DIRECTORS SEEKING RE-ELECTION

Dr Ho Choon Hou, Mr Yeo Hwee Tiong, and Mr Fong Chi Wah are the Directors seeking re-election at the forthcoming Annual General Meeting of the Company to be convened on 30 April 2021 ("AGM") (collectively, the "Retiring Directors" and each a "Retiring Director").

Pursuant to Rule 720(6) of the Listing Manual of the SGX-ST, the following is the information relating to the Retiring Directors as set out in Appendix 7.4.1 to the Listing Manual of the SGX-ST:

Name of Director	Dr Ho Choon Hou	Mr Yeo Hwee Tiong	Mr Fong Chi Wah
Date of Appointment	16 June 2011	22 May 2018	18 January 2019
Date of last re-appointment	26 April 2019	26 April 2019	26 April 2019
Age	49	64	58
Country of principal residence	Singapore	Singapore	Hong Kong
The Board's comments on this appointment (including rationale, selection criteria, and the search and nomination process)	Dr Ho was a co-founder of the Company and the previous Chairman of the Company from 2011 to 2016. He oversaw the development and performance of the Company and will continue to drive the Company to fulfill our vision. With his medical background, skills in investment and business network, he has contributed positively to the Company especially in the area of strategic directions. The Board has considered various factors including his commitment, participation and contribution to the Company, and recommended his re-election.	Mr Yeo has more than 28 years of working experience in the healthcare and project management industry and with regional exposure in Malaysia, Myanmar and Vietnam. The Board opined that Mr Yeo's experience in the healthcare industry, regional exposure and business network would be beneficial to the Company. Since his appointment in May 2018, Mr Yeo has contributed actively and positively to subject matters deliberated at Board and Board Committee meetings. The Board recommended his re-election.	Mr Fong is a nominee director of Mr Hon Kwok Lung, a substantial shareholder of the Company through his equity stake in Full Day Limited and Sincere View International Limited. Mr Fong has more than 25 years of extensive experience in the financial industry including capital markets, project and structured finance and direct investment. The Board opined that Mr Fong would be an asset to the Board as the Company and recommended his re-election.
Whether appointment is executive, and if so, the area of responsibility	Independent Non-Executive	Independent Non-Executive	Non-Independent Non-Executive
Job Title (e.g. Lead ID, AC Chairman, AC Member etc.)	Independent Director, Acting Chairman of the Board and Chairman of the Remuneration Committee, Member of the Audit and Risk Committee and Nominating Committee	Independent Director, Chairman of the Nominating Committee, and Member of the Remuneration Committee	Non-Independent Non-Executive Director, Member of the Audit and Risk Committee and Remuneration Committee

## DISCLOSURE OF INFORMATION ON DIRECTORS SEEKING RE-ELECTION

Name of Director	Dr Ho Choon Hou	Mr Yeo Hwee Tiong	Mr Fong Chi Wah
Academic and/or Professional qualifications	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 Yeo obtained his Bachelor of Science (Building) from Heriot-Watt University, Edinburgh, United Kingdom. He also holds a Master of Science (Project Management) from National University of Singapore.	Mr Fong Chi Wah holds a Bachelor's degree, majoring in Management Sciences (Economics) from the Lancaster University, United Kingdom. He also holds three Master's degrees including a Master of Business Administration from the Warwick University, United Kingdom, a Master's degree in Investment Management from the Hong Kong University of Science and Technology, and a Master's degree in practicing accounting from the Monash University, Australia. He has a Doctorate in Business Administration from the Hong Kong Polytechnic University and is a Juris Doctor from the Chinese University of Hong Kong. He is a CFA charterholder, a member of the Hong Kong Society of Financial Analysts, a fellow of the CPA (Australia), a fellow of the HKICPA, a member of the Institute of Certified Management Accountants, Australia, and a fellow of the Hong Kong Institute of Directors.

## DISCLOSURE OF INFORMATION ON DIRECTORS SEEKING RE-ELECTION

Name of Director	Dr Ho Choon Hou	Mr Yeo Hwee Tiong	Mr Fong Chi Wah
Working experience and occupation(s) during the past 10 years	2007 – Present (Southern Capital Group) – Managing Director	<ol style="list-style-type: none"> <li>1. January 2021 – Present (Clermont Holdings, Healthcare Group) – Senior Advisor</li> <li>2. April 2018 – November 2020 (Singapore Women's &amp; Children's Medical Group) – Group Chief Executive Officer</li> <li>3. April 2014 to March 2018 (KPMG Singapore LLP) – Principal, Healthcare, Singapore &amp; Asia Pacific</li> <li>4. May 2013 – March 2014 (Paeon Medical Group) – Managing Director</li> <li>5. 23 July 2012 to April 2013 (China Healthcare Group) – Group Managing Director</li> <li>6. June 2002 to 27 April 2012 (Thomson Medical Centre Limited) – Group Chief Executive Officer</li> <li>7. July 2005 – 27 March 2012 (Hanh Phuc Women's &amp; Children's Hospital, Vietnam) – Project Director &amp; Managing Director</li> </ol>	<ol style="list-style-type: none"> <li>1. September 2004 – Present (Citychamp Watch &amp; Jewellery Group Limited) – CFO &amp; Company Secretary</li> <li>2. September 2016 – Present (Bendura Bank Liechtenstein) – Director</li> <li>3. 19 December 2003 – Present (China Youzan Limited) – Independent non-executive Director</li> </ol>
Shareholding interest in the listed issuer and its subsidiaries	Direct interest: 792,061 ordinary shares in Cordlife Group Limited	No	No
Any relationship (including immediate family relationships) with any existing director, existing executive officer, the issuer and/or substantial shareholder of the listed issuer or of any of its principal subsidiaries	No	No	No
Conflict of Interest (including any competing business)	No	No	No
Undertaking (in the format set out in Appendix 7.7) under Rule 720(1) has been submitted to the listed issuer	Yes	Yes	Yes

# DISCLOSURE OF INFORMATION ON DIRECTORS SEEKING RE-ELECTION

Name of Director	Dr Ho Choon Hou	Mr Yeo Hwee Tiong	Mr Fong Chi Wah
Other Principal Commitments* Including Directorships#  Past (for the last 5 years)  Present	<p><b>Past (for the last 5 years)</b></p> <p>Stemlife Berhad</p> <p><b>Present</b></p> <ol style="list-style-type: none"> <li>Southern Capital Group Limited</li> <li>Advanced Holdings Limited</li> <li>Vividthree Holdings Ltd.</li> <li>Catermas Engineering Pte Ltd</li> <li>Core Equipment Holdings Pte. Ltd.</li> <li>SCG+ Private Limited</li> <li>Hoch Ventures Pte Ltd</li> <li>Star Learners Group Pte. Ltd.</li> <li>Mclean Bhd</li> <li>Catermas Investments Limited</li> <li>Invictus Medical Investments</li> <li>Maestro Group Holdings Limited</li> </ol>	<p><b>Past (for the last 5 years)</b></p> <ol style="list-style-type: none"> <li>Board of Governor, Singapore Polytechnic</li> <li>SQ Centre, Academic Board (Member)</li> <li>Singapore Women's &amp; Children's Medical Group Pte Ltd</li> <li>J And T Consultants Pte. Ltd.</li> <li>Tan Wee Khim Pte Ltd</li> <li>Dr. Madeleine Pte Ltd</li> <li>BT Medical Pte. Ltd.</li> <li>Jasmine Mohd Pte. Ltd.</li> <li>Ong Clinic for Women Pte. Ltd.</li> <li>Mark Loh Paediatrics Pte. Ltd.</li> <li>C.H.Koh Clinic For Women Pte. Ltd.</li> <li>Dr Paul Tseng Pte Ltd</li> <li>Anson International Paediatric &amp; Child Development Clinic Pte. Ltd.</li> <li>Singapore Women's Clinic (Tampines) Pte. Ltd.</li> <li>ABCC Pte. Ltd.</li> <li>Surgery &amp; Gynaecology Pte Ltd</li> <li>Dr Janice Wong Children's Clinic Pte. Ltd.</li> <li>Singapore Healthbridge Pte Ltd</li> </ol>	<p><b>Past (for the last 5 years)</b></p> <ol style="list-style-type: none"> <li>Real Nutraceutical Group Limited;</li> <li>National Investment Fund Limited</li> </ol> <p><b>Present</b></p> <ol style="list-style-type: none"> <li>Bendura Bank</li> <li>Chart Victory Limited</li> <li>China Youzan Limited</li> <li>Chun Mei International Limited</li> <li>The Dreyfuss Group Ltd.</li> <li>Eterna AG Uhrenfabrik</li> <li>Eterna (Asia) Limited</li> <li>Everbright (HK) Holdings Co., Limited</li> <li>Everbright Pelico (HK) Co., Limited</li> <li>Joyful Surplus International Limited</li> <li>Lingnan Education Organization Limited</li> <li>Rotary Watches Ltd.</li> </ol>

## DISCLOSURE OF INFORMATION ON DIRECTORS SEEKING RE-ELECTION

Name of Director	Dr Ho Choon Hou	Mr Yeo Hwee Tiong	Mr Fong Chi Wah
		<p><b><u>Present</u></b></p> <ol style="list-style-type: none"> <li>1. Hoan My Medical Corporation, Vietnam (Board Member)</li> <li>2. The Medical City – Philippines (Board Member)</li> <li>3. Singapore Red Cross (Council Member)</li> <li>4. The Management Development Institute of Singapore               <ol style="list-style-type: none"> <li>(a) School of Life Sciences Industrial Advisory Board (Member)</li> <li>(b) Academic Advisory Board (Member)</li> <li>(c) MDIS Senate (Member)</li> </ol> </li> <li>5. Member, Singapore Institute of Directors</li> </ol>	

# DISCLOSURE OF INFORMATION ON DIRECTORS SEEKING RE-ELECTION

Name of Director	Dr Ho Choon Hou	Mr Yeo Hwee Tiong	Mr Fong Chi Wah
<b>Disclose the following matters concerning an appointment of director, chief executive officer, chief financial officer, chief operating officer, general manager or other officer of equivalent rank. If the answer to any question is “yes”, full details must be given.</b>			
a)	Whether at any time during the last 10 years, an application or a petition under any bankruptcy law of any jurisdiction was filed against him or against a partnership of which he was a partner at the time when he was a partner or at any time within 2 years from the date he ceased to be a partner?		No
b)	Whether at any time during the last 10 years, an application or a petition under any law of any jurisdiction was filed against an entity (not being a partnership) of which he was a director or an equivalent person or a key executive, at the time when he was a director or an equivalent person or a key executive of that entity or at any time within 2 years from the date he ceased to be a director or an equivalent person or a key executive of that entity, for the winding up or dissolution of that entity or, where that entity is the trustee of a business trust, that business trust, on the ground of insolvency?		No
c)	Whether there is any unsatisfied judgment against him?		No
d)	Whether he has ever been convicted of any offence, in Singapore or elsewhere, involving fraud or dishonesty which is punishable with imprisonment, or has been the subject of any criminal proceedings (including any pending criminal proceedings of which he is aware) for such purpose?		No
e)	Whether he has ever been convicted of any offence, in Singapore or elsewhere, involving a breach of any law or regulatory requirement that relates to the securities or futures industry in Singapore or elsewhere, or has been the subject of any criminal proceedings (including any pending criminal proceedings of which he is aware) for such breach?		No
f)	Whether at any time during the last 10 years, judgment has been entered against him in any civil proceedings in Singapore or elsewhere involving a breach of any law or regulatory requirement that relates to the securities or futures industry in Singapore or elsewhere, or a finding of fraud, misrepresentation or dishonesty on his part, or he has been the subject of any civil proceedings (including any pending civil proceedings of which he is aware) involving an allegation of fraud, misrepresentation or dishonesty on his part?		No
g)	Whether he has ever been convicted in Singapore or elsewhere of any offence in connection with the formation or management of any entity or business trust?		No
h)	Whether he has ever been disqualified from acting as a director or an equivalent person of any entity (including the trustee of a business trust), or from taking part directly or indirectly in the management of any entity or business trust?		No
i)	Whether he has ever been the subject of any order, judgment or ruling of any court, tribunal or governmental body, permanently or temporarily enjoining him from engaging in any type of business practice or activity?		No
j)	Whether he has ever, to his knowledge, been concerned with the management or conduct, in Singapore or elsewhere, of the affairs of:-  i. any corporation which has been investigated for a breach of any law or regulatory requirement governing corporations in Singapore or elsewhere; or  ii. any entity (not being a corporation) which has been investigated for a breach of any law or regulatory requirement governing such entities in Singapore or elsewhere; or  iii. any business trust which has been investigated for a breach of any law or regulatory requirement governing business trusts in Singapore or elsewhere; or  iv. any entity or business trust which has been investigated for a breach of any law or regulatory requirement that relates to the securities or futures industry in Singapore or elsewhere in connection with any matter occurring or arising during that period when he was so concerned with the entity or business trust?		No
k)	Whether he has been the subject of any current or past investigation or disciplinary proceedings, or has been reprimanded or issued any warning, by the Monetary Authority of Singapore or any other regulatory authority, exchange, professional body or government agency, whether in Singapore or elsewhere?		No



## Proxy Form



(Registration Number: 200102883E)  
(Incorporated in the Republic of Singapore on 2 May 2001)

## ANNUAL GENERAL MEETING

(You are advised to read the notes overleaf before completing this form)

### IMPORTANT

1. The Annual General Meeting ("AGM") is being convened, and will be held, by way of 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 ("COVID-19 Order"). Printed copies of the Company's annual report, Letter to Shareholders dated 15 April 2021, the Notice of AGM, the disclosure of information on Directors seeking re-election, and this proxy form for the AGM (collectively, the "AGM Documents") will NOT be sent to members of the Company. Instead, the AGM Documents, including the Notice of AGM, will be sent to members of the Company by electronic means via publication on SGXNet and the Company's investor relations website at [https://cordlife.listedcompany.com/corporate\\_news.html](https://cordlife.listedcompany.com/corporate_news.html).
2. Alternative arrangements relating to attendance at the Meeting via electronic means (including arrangements by which the Meeting can be electronically via live webcast and live audio feed), submission of questions in advance of the Meeting, addressing of substantial queries and relevant comments, prior to, or at, the Meeting and voting by appointing the Chairman of the Meeting as proxy at the Meeting, are set out in the Notice of AGM.
3. Due to the current COVID-19 restriction orders in Singapore, a member of the Company will not be able to attend the Meeting in person. A member of the Company (whether individual or corporate) must appoint the Chairman of the Meeting as their proxy to attend, speak and vote on their behalf at the Meeting if such member wishes to exercise their voting rights at the Meeting. The accompanying proxy form for the AGM may be downloaded from SGXNet and at the Company's investor relations website at [https://cordlife.listedcompany.com/corporate\\_news.html](https://cordlife.listedcompany.com/corporate_news.html).

I/We\* \_\_\_\_\_ (Name(s)) and NRIC/Passport/Co. Reg. No. \_\_\_\_\_

of \_\_\_\_\_ (Address)

being a member/members\* of Cordlife Group Limited (the "Company"), hereby appoint:

the Chairman of the meeting as my/our proxy/proxies to attend and to vote for me/us on my/our behalf, at the Annual General Meeting ("AGM") of the Company to be held by electronic means (via live webcast and live audio feed) on Friday, 30 April 2021 at 10.00am (Singapore time) and at any adjournment thereof. I/We direct my/our proxy/proxies to vote for or against or abstain the resolutions to be proposed at the AGM as indicated hereunder.

**Note: In the absence of specific directions in respect of a resolution, the appointment of the Chairman of the Meeting as your proxy for that resolution will be treated as invalid.**

No.	Ordinary Resolutions Relating to:	No. of Votes # For	No. of Votes # Against	No. of Votes # Abstained
	<b>Ordinary Business</b>			
1.	Audited Financial Statements of the Company for the financial year ended 31 December 2020 together with the Directors' Statement and Auditor's Report thereon.			
2.	Re-election of Dr Ho Choon Hou as a director.			
3.	Re-election of Mr Yeo Hwee Tiong as a director.			
4.	Re-election of Mr Fong Chi Wah as a director.			
5.	Payment of a final tax exempt (1-tier) dividend of S\$0.009 per ordinary share for the financial year ended 31 December 2020.			
6.	Directors' fees of up to S\$450,000 for the Directors for the financial year ending 31 December 2021, payable quarterly in arrears.			
7.	Re-appointment of Messrs KPMG LLP as Auditors of the Company.			
	<b>Special Business</b>			
8.	Authority to Directors to allot and issue shares.			
9.	Authority to grant share awards and to issue shares under the Cordlife Share Grant Plan.			
10.	Proposed Renewal of the Share Purchase Mandate.			

\* Delete accordingly

# If you wish to exercise all your votes "For" or "Against", please mark an "X" within the box provided. Alternatively, please indicate the number of votes as appropriate. If you mark "X" in the abstain box for a particular resolution, you are directing your proxy not to vote on that resolution.

Dated this \_\_\_\_\_ day of \_\_\_\_\_ 2021

Total number of Shares in:	No. of Shares
(a) CDP Register	
(b) Register of Members	

\_\_\_\_\_  
Signature of member(s)  
or, Common Seal of Corporate Shareholder

**IMPORTANT: PLEASE READ NOTES TO PROXY FORM OVERLEAF**



**Notes:-**

1. A member should insert the total number of shares held. If the member has shares entered against his name in the Depository Register (as defined in Section 81SF of the Securities and Futures Act, Chapter 289 of Singapore), he should insert that number of shares. If the member has shares registered in his name in the Register of Members of the Company, he should insert the number of shares. If the member has shares entered against his name in the Depository Register and shares registered in his name in the Register of Members of the Company, he should insert the aggregate number of shares. If no number is inserted, this form of proxy will be deemed to relate to all the shares held by the member of the Company.
2. Pursuant to the COVID-19 Order, the AGM of the Company will be held by electronic and audio means and a member of the Company will not be able to attend the Meeting in person. A member of the Company (whether individual or corporate) must appoint the Chairman of the Meeting as their proxy to attend, speak and vote on their behalf at the Meeting if such member wishes to exercise their voting rights at the Meeting. This proxy form has been made available on SGXNet and at the Company's investor relations website at [https://cordlife.listedcompany.com/corporate\\_news.html](https://cordlife.listedcompany.com/corporate_news.html). Printed copies of the AGM Documents, including this proxy form will **NOT** be despatched to members.
3. The instrument appointing proxy or proxies, together with the power of attorney or other authority (if any) under which it is signed, or notorially certified copy thereof, must be deposited: (i) by email to [sg.is.proxy@sg.tricorglobal.com](mailto:sg.is.proxy@sg.tricorglobal.com); or (ii) by post to the Company's Share Registrar, Tricor Barbinder Share Registration Services, 80 Robinsons Road #11-02, Singapore 068898, by 10.00 a.m. on Wednesday, 28 April 2021 (being not less than forty-eight (48) hours before the time fixed for the AGM).
4. The instrument appointing the Chairman of the Meeting as a proxy must be under the hand of the appointor or his attorney duly authorised in writing. Where the instrument appointing the Chairman of the Meeting as a proxy is executed by a corporation, it must be executed under its common seal or under the hand of its attorney or duly authorised officer.
5. The Company shall be entitled to reject the instrument appointing the Chairman of the Meeting as a proxy if it is incomplete, improperly completed or illegible or where the true intentions of the appointor are not ascertainable from the instructions of the appointor specified in the instrument appointing the Chairman of the Meeting as a proxy. In addition, in the case of members of the Company whose shares are entered against their names in the Depository Register, the Company may reject any instrument appointing the Chairman of the Meeting as a proxy lodged if such members are not shown to have shares entered against their names in the Depository Register seventy-two (72) hours before the time appointed for holding the Annual General Meeting as certified by The Central Depository (Pte) Limited to the Company.
6. A Depositor shall not be regarded as a member of the Company entitled to attend the Annual General Meeting and to speak and vote thereat unless their name appears on the Depository Register seventy-two (72) hours before the time set for the Annual General Meeting.
7. An investor who buys shares using CPF monies ("CPF Investor") and/or SRS monies ("SRS Investor") (as may be applicable) who wish to appoint the Chairman of the Meeting as their proxy, they should approach their respective SRS Operators to submit their votes by email to [sg.is.proxy@sg.tricorglobal.com](mailto:sg.is.proxy@sg.tricorglobal.com) or post to the Company's Share Registrar, Tricor Barbinder Share Registration Services, 80 Robinsons Road #11-02, Singapore 068898 at least seven (7) working days before the AGM.

**"Personal data privacy:**

By submitting an instrument appointing the Chairman of the Meeting to attend, speak and vote at the Annual General Meeting and/or any adjournment thereof, a member of the Company consents to the collection, use and disclosure of the member's personal data by the Company (or its agents) for the purpose of the processing and administration by the Company (or its agents) of the appointment of the Chairman of the Meeting as proxy for the Annual General Meeting (including any adjournment thereof) and the preparation and compilation of the attendances lists, minutes and other documents relating to the Annual General Meeting (including any adjournment thereof), and in order for the Company (or its agent) to comply with any applicable laws, listing rules, regulations and/or guidelines."

**BOARD OF DIRECTORS**

**Dr Ho Choon Hou**

*Acting Chairman and Independent Director*

**Ms Tan Poh Lan**

*Executive Director and Group Chief Executive Officer*

**Mr Joseph Wong Wai Leung**

*Independent Director*

**Mr Yeo Hwee Tiong**

*Independent Director*

**Mr Fong Chi Wah**

*Non-Independent Non-Executive Director*

**Ms Wang Lin**

*Non-Independent Non-Executive Director*

**Mr Chang Chien**

*Non-Independent Non-Executive Director*

**Mr Zhai Lingyun**

*Non-Independent Non-Executive Director*

**COMPANY SECRETARY**

**Ms Ang Siew Koon, ACIS**

**REGISTERED OFFICE**

1 Yishun Industrial Street 1  
A'Posh Bizhub, #06-01/09,  
Singapore 768160  
[www.cordlife.com](http://www.cordlife.com)

**REGISTRATION NUMBER**

200102883E

**SHARE REGISTRAR AND SHARE TRANSFER OFFICE**

**Tricor Barbinder Share Registration Services**

80 Robinsons Road, #11-02  
Singapore 068898

**INDEPENDENT AUDITORS**

**KPMG LLP**

**Public Accountants and Chartered Accountants**

16 Raffles Quay  
#22-00, Hong Leong Building  
Singapore 048581

Partner in-charge:

Mr Quek Shu Ping

*(Appointed since financial year ended 31 December 2019)*

**SOLICITORS TO THE COMPANY**

**WongPartnership LLP**

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

**BANKERS**

DBS Bank Ltd  
Standard Chartered Bank  
Malayan Banking Berhad

**INVESTOR RELATIONS**

**Financial PR Pte Ltd**

4 Robinson Rd  
#04-01, The House of Eden  
Singapore 048543  
Tel: (65) 9229 4410 / (65) 9232 7760  
Email: [investor.relations@cordlife.com](mailto:investor.relations@cordlife.com)

Contact persons:

Mr Kamal Samuel / Ms Ashley Tan



**cordlife**



**Cordlife Group Limited**

1 Yishun Industrial Street 1  
A'Posh Bizhub, #06-01/09  
Singapore 768160  
Tel: (65) 6238 0808  
Fax: (65) 6238 1108  
[www.cordlife.com](http://www.cordlife.com)

Company Registration Number: 200102883E