CORDLIFE GROUP LIMITED
(Company Registration No. 200101883E)
(Incorporated in the Republic of Singapore)

ANNUAL GENERAL MEETING TO BE HELD ON 30 APRIL 2021
RESPONSES TO SUBSTANTIAL AND RELEVANT QUESTIONS

The board of directors ("**Board**" or "**Directors**") of Cordlife Group Limited ("**Cordlife**" or the "**Company**" and together with its subsidiaries, the "**Group**") refers to the Notice of Annual General Meeting ("**Notice of AGM**") released on 14 April 2021 relating to the Company's annual general meeting ("**AGM**") to be held by electronic means on 30 April 2021 at 10.00 a.m.

As stated in the Notice of AGM, the Company will address substantial questions and relevant comments (as may be determined by the Company at its sole discretion) related to the resolutions to be tabled for approval at the AGM from shareholders which are submitted no later than 10.00 a.m. on 27 April 2021 (i.e. 72 hours before the AGM).

The Company has received various questions from our shareholders and would like to thank shareholders for the questions and for submitting them by the submission deadline. As there were substantial overlaps in the questions received, we have for shareholders' ease of reference summarised and grouped together some questions and provided consolidated responses.

The Company would like to inform our shareholders that it has received questions relating to requests for information that might affect the competitive advantage of the Company, including but not limited to pricing strategies and market share information. We seek shareholders' kind understanding that the Company is unable to disclose such information in its responses due to the sensitive nature of the information. The responses to substantial and relevant questions are set out in the Appendix to this announcement.

For and on behalf of the Board
CORDLIFE GROUP LIMITED

Ms. Tan Poh Lan
Executive Director and Group CEO
29 April 2021

Appendix

1. **With reference to the geographical segment disclosed on page 109 of the Group's Annual Report for the financial year ended 31 December 2020 ("FY2020") ("AR2020"), is the Group profitable in all the geographies that it operates in? Can the Group share the ranking of the segment profits of the six geographical segments reported (i.e. Singapore, Hong Kong, India, Malaysia, Philippines and Others)?**

   The profitability of the various geographical segments that the Group operates in might vary year-on-year, partly due to changing macroeconomic conditions. In addition, the Group might push for different initiatives (e.g. launch of various new products and services) in each country depending on the demand, regulatory requirements and other factors assessed. Such initiatives might require a longer runway to generate returns on the initial investments. The regional footprint of the Group also allows it to tap on the strengths and capabilities of each country to generate value or reduce costs for the rest of the Group.

   Given that each country is at a different stage of growth for each of the products and services that the Group offers, ranking these segments by profit would not be an accurate representation of their contribution to the Group.

   In FY2020, the COVID-19 pandemic had affected the demand for the Group's banking services across all the geographies that it operates in, and this has affected the operating profitability across all geographical segments. However, the Group has made efforts to manage and reduce its operating expenses by pushing towards digital transformation and continuously reviewing and streamlining business processes.

2. **With reference to the key assumptions used in the impairment testing for cash-generating units ("CGU(s)") containing goodwill on pages 83 to 84 of the AR2020, the "Revenue Growth Rates (Average of Next Five Years)" assumption ("5-year Average Growth Rate") for Stemlife Berhad has increased by 4.4% from 5.0% in the financial year ended 31 December 2019 ("FY2019") to 9.4% in FY2020, and the 5-year Average Growth Rate for Healthbaby and Cordlife Hong Kong (the "Hong Kong CGU") has increased by 3.1% from 5.0% in 2019 to 8.1% in 2020. What are the factors considered in the increase for both CGUs?**

   In addition, the "Discount Rate" assumption for the Hong Kong CGU has decreased by 4.0% from 13.0% in FY2019 to 9.0% in FY2020. What are the bases used to support the 4.0% decrease in the Discount Rate?

   <u>5-year Average Growth Rate</u>

   For both Stemlife Berhad and the Hong Kong CGU, the revenue of the respective geographical segment for FY2019 was used as a base for the 5-year Average Growth Rate for FY2019. In FY2020, the Malaysia segment and the Hong Kong segment experienced a decline in revenue of approximately 12.9% from S$4.2 million to S$3.7 million and 16.6% from S$9.3 million to S$7.8 million respectively, mainly as a result of the ongoing COVID-19 pandemic. The FY2020 revenue was used as a base for the 5-year Average Growth Rate for FY2020.

   The growth estimates for FY2020 took into consideration the recovery of the two segments over a five year period. Although restricted movements and intermittent lockdowns are still in place in some countries to curb with the further spread of COVID-19, there appears to be signs of a gradual recovery after the introduction and distribution of COVID-19 vaccines to most countries worldwide late FY2020. As part of the Group-wide initiatives, the two countries will also continue its efforts in growing its digital capabilities to expand its reach to potential customers. With more diagnostics services added to our suite of services, we can also upsell our services and offer product and service bundles to our clients.

   <u>Discount Rate</u>

   The discount rate represents the current market assessment of the risks specific to the Hong Kong 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 Hong Kong CGU and is 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 Hong Kong CGU's specific risk is incorporated by applying individual beta factors. The beta factors are evaluated annually based on publicly available market data.

3. **What are the 5-year Average Growth Rates for Singapore, India and the Philippines?**

   We are unable to provide any form of growth guidance. However, it is our immediate aim to deepen the penetration of our banking services in each market as well as to increase revenue contribution from the diagnostic and digital healthcare business segments.

   Singapore
   Our banking business is relatively stable in Singapore, which has the highest penetration rate among all markets. However, our various country heads, including Singapore, 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. In addition, we will continue ramping up new revenue channels, including our diagnostic and digital healthcare business segments, to complement our core operations.

   India and the Philippines
   The penetration rates for our banking services in India and the Philippines are still relatively low. However, 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 note however that the situation remains unpredictable at the moment due to the resurgence of the COVID-19 outbreak in these countries.

   Similar to Singapore, we will continue our efforts to grow our product and service portfolio across all markets, including our diagnostic and digital healthcare business segments. Consistent with our plan to stay agile in an increasingly technologically-savvy population and to maintain our competitiveness in the industry, we launched our Moms Up app in certain countries, including the Philippines, during the second half of 2020. 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.

4. **In view of movement and border restrictions, how does the Group manage potential Indonesia clients who wish to process and store their cord blood, cord lining and cord tissue samples in Singapore ("INA-SG clients"), so as to minimise revenue loss?**

   In all the countries that the Group operates, the Group's services are classified as essential services and as such, the business activities, including the cross-border courier of samples in certain jurisdictions, of the Group have remained substantially operational. Although there have been some cases where the samples of INA-SG clients were unable to be sent to Singapore as a result of intermittent border or flight restrictions, we encouraged such clients to bank with our Indonesia subsidiary locally, which is also AABB accredited.

5. **The Group recognised an impairment loss on other receivables due from a third party in its India subsidiary of approximately $255,000 (FY2019: $Nil) in FY2020. What were these other receivables of $255,000 pertaining to and what does the Audit Committee intend to do about it?**

   These were pertaining to advances provided to a third party in India, as part of a diagnostics service partnership. Efforts, including but not limited to legal recourse, to recover the amounts due are currently underway.

6. **With reference to page 78 of the AR2020, Additions to Buildings in Property, plant and equipment has increased by 87% from $1.2 million in FY2019 to $2.2 million in FY2020. What do the additions in FY2020 comprise?**

   Additions to Buildings classified under Property, plant and equipment for FY2020 mainly pertain to the recognition of new/renewal of office and laboratory leases of the Group in the countries that it operates in, which are recognised as right-of-use assets in accordance with SFRS(I) 16 Leases.

7. **Based on the rental income from investment properties less direct operating expenses arising from: rental-generating properties disclosed on page 80 of the AR2020, the net rental income from investment properties was $21,000 and $46,000 for FY2020 and FY2019 respectively. This translates to a net rental yield of 0.279% and 0.595% in FY2020 and FY2019 respectively. Given the low net rental yield, what plans does the Group have for these investment properties?**

   The Group's investment properties comprise tenanted and untenanted properties in Singapore and Malaysia. For the tenanted properties, the rental yields were broadly in line with the rental yields of similar properties in the market. The Group will continually review and explore all available options for both tenanted and untenanted investment properties, including the potential sale of the investment properties, if appropriate.

8. **What plans does the Group have with regards to capital commitments for the next 2-3 years, particularly for property, plant and equipment and investment properties? How will the Group fund such capital commitments?**

   Currently the Group has no significant capital commitments contracted for investments into property, plant and equipment and investment properties. If, however, there are any requirements to do so, the Group would likely tap on its cash and cash equivalents, fixed deposits and short-term investments.

9. **With reference to page 98 of the AR2020, it was disclosed that "“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". What money market fund sector(s) does the Group invest in?**

   The underlying investments of the money market funds above $2,000,000 are mainly fixed income investments consisting diversified portfolio of bonds issued by financial institutions and/or bank guaranteed bonds and/or money-market instruments issued by financial institutions.