



Condensed Interim Financial Statements for the
Half Year Ended 30 June 2021

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Condensed Interim Financial Statements for the Half Year Ended 30 June 2021

A Condensed interim consolidated statement of profit or loss and other comprehensive income

	Group		+ / (-) Increase/ (Decrease) %
	6 months ended 30 June		
	2021 \$'000	2020 \$'000	
Revenue	23,170	26,241	(11.7)
Cost of sales	<u>(8,518)</u>	<u>(9,787)</u>	(13.0)
Gross profit	14,652	16,454	(11.0)
Other operating income	433	362	19.6
Selling and marketing expenses	(8,603)	(9,086)	(5.3)
Administrative expenses	(9,154)	(9,880)	(7.3)
Finance income	5,227	5,451	(4.1)
Finance costs	<u>(115)</u>	<u>(162)</u>	(29.0)
Profit before income tax from operations *	2,440	3,139	(22.3)
Share of profit of associate	<u>287</u>	<u>—</u>	n.m.
Profit before income tax	2,727	3,139	(13.1)
Income tax expense	<u>(233)</u>	<u>(507)</u>	(54.0)
Profit for the financial period	<u>2,494</u>	<u>2,632</u>	(5.2)
Other comprehensive loss for the financial period, net of tax:			
<i>Item that may be reclassified subsequently to profit or loss</i>			
Foreign currency translation [^]	<u>(661)</u>	<u>68</u>	n.m.
Total comprehensive income for the financial period	<u><u>1,833</u></u>	<u><u>2,700</u></u>	(32.1)

Condensed Interim Financial Statements for the Half Year Ended 30 June 2021

A Condensed interim consolidated statement of profit or loss and other comprehensive income (cont'd)

	Group		+ / (-) Increase/ (Decrease) %
	6 months ended 30 June		
	2021 \$'000	2020 \$'000	
Profit/(loss) for the financial period attributable to:			
- Owners of the Company	2,492	2,633	(5.3)
- Non-controlling interests	2	(1)	n.m.
	2,494	2,632	(5.2)
Total comprehensive income/(loss) for the financial period attributable to:			
- Owners of the Company	1,831	2,701	(32.2)
- Non-controlling interests	2	(1)	n.m.
	1,833	2,700	(32.1)
Earnings per share (cents per share):			
- Basic	0.98	1.04	(6.0)
- Diluted	0.97	1.03	(5.8)

n.m. denotes not meaningful

*In order to provide more clarity to readers, the Group has presented separately its share of profit of associate.

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

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

When a foreign operation is disposed of, such that control, significant influence or joint control is lost, the cumulative amount in the translation reserve related to that foreign operation is reclassified to profit or loss as part of the gain or loss on disposal.

Condensed Interim Financial Statements for the Half Year Ended 30 June 2021

A Condensed interim consolidated statement of profit or loss and other comprehensive income (cont'd)

A(i) Notes to the consolidated statement of profit or loss

	Group		
	6 months ended 30 June		
	2021	2020	
	\$'000	\$'000	
Depreciation of property, plant and equipment	1,337	1,420	
Amortisation of intangible assets	494	632	[1]
Impairment loss on trade receivables and bad debts written off, net	486	515	
Impairment loss on non-trade receivables and bad debts written off, net	—	255	[2]
Foreign exchange loss/(gain)	129	(81)	[3]
Other operating income	(433)	(362)	[4]
Over-provision of tax in respect of prior years	(199)	(207)	[5]
Finance income comprises:			
- Finance income on contract assets	(4,149)	(4,337)	
- Interest income from deposits, short-term investments and note receivable	(1,078)	(1,114)	

Notes

- Decrease in amortisation of intangible assets in the six months ended 30 June 2021 ("HY2021") compared to the six months ended 30 June 2020 ("HY2020") was mainly due to lower amortisation in Singapore as certain intangible assets reached the end of their amortisation period by HY2020.
- In HY2020, the Group recognised an impairment loss on non-trade receivables due from a third party in its India subsidiary. There was no such impairment loss in HY2021.
- The foreign exchange loss in HY2021 was mainly due to foreign exchange loss recognised by the Group's Indonesia subsidiary on revaluation of foreign currency payables as IDR depreciated against S\$ from January 2021 to June 2021. The foreign exchange gain in HY2020 was mainly due to the revaluation of intercompany payables denominated in S\$ in the Hong Kong subsidiary as HK\$ strengthened against S\$ from January 2020 to June 2020.
- The increase in other operating income of approximately S\$71,000 was mainly due to government grants received in Singapore, Hong Kong and Malaysia of approximately S\$246,000 for the Coronavirus Disease 2019 outbreak ("COVID-19") in HY2021 as compared to S\$107,000 received in Hong Kong and Malaysia in HY2020. In addition, the Hong Kong subsidiaries also received funding amounting to approximately S\$80,000 under a technology talent funding scheme in HY2021. There was no such funding in HY2020.

The increase was slightly offset by an increase in fair value loss on the short-term investments of S\$113,000 from S\$41,000 in HY2020 to S\$154,000 in HY2021 arising from short-term investments held in Malaysia.

- Over-provision of tax in respect of prior years of approximately S\$199,000 for HY2021 mainly comprises an over-provision of corporate income tax in the Philippines subsidiary. In HY2020, it relates to over-provision of corporate income tax of S\$129,000 and S\$78,000 for the Singapore and Malaysia subsidiaries respectively.

Condensed Interim Financial Statements for the Half Year Ended 30 June 2021

B Condensed interim statements of financial position

	Group as at		Company as at	
	30 June 2021	31 December 2020	30 June 2021	31 December 2020
	\$ '000	\$ '000	\$ '000	\$ '000
Non-current assets				
Property, plant and equipment	15,587	16,425	6,714	6,910
Investment properties	6,905	7,531	1,745	2,305
Intangible assets	31,711	31,972	568	616
Deferred tax assets	825	1,139	—	—
Investment in subsidiaries	—	—	62,620	62,620
Investment in associate	961	769	—	—
Long-term investments	—	—	—	—
Contract assets	67,184	68,247	43,476	44,098
Other receivables	—	1	—	1
Fixed deposits	9,144	3,244	—	—
	<u>132,317</u>	<u>129,328</u>	<u>115,123</u>	<u>116,550</u>
Current assets				
Inventories	1,281	1,659	256	381
Prepayments	1,854	2,584	540	778
Trade receivables	23,278	23,391	9,668	9,726
Other receivables	3,043	3,115	253	525
Tax recoverable	1,921	1,181	—	—
Amount owing by subsidiaries	—	—	22,616	21,883
Short-term investments	19,575	19,821	4,317	4,491
Fixed deposits	14,812	16,113	—	—
Pledged fixed deposits	9,966	10,086	—	—
Cash and cash equivalents	19,863	25,938	7,261	11,509
	<u>95,593</u>	<u>103,888</u>	<u>44,911</u>	<u>49,293</u>
Total assets	<u>227,910</u>	<u>233,216</u>	<u>160,034</u>	<u>165,843</u>
Current liabilities				
Trade and other payables	12,097	14,251	3,589	4,204
Amounts owing to subsidiaries	—	—	11,117	10,407
Interest-bearing borrowings	—	310	—	310
Lease liabilities	1,024	1,580	297	298
Contract liabilities	7,303	7,792	3,623	3,876
Tax payable	2,263	2,471	—	—
	<u>22,687</u>	<u>26,404</u>	<u>18,626</u>	<u>19,095</u>
Net current assets	<u>72,906</u>	<u>77,484</u>	<u>26,285</u>	<u>30,198</u>

Condensed Interim Financial Statements for the Half Year Ended 30 June 2021

B Condensed interim statements of financial position (cont'd)

	Group As at		Company As at	
	30 June 2021 \$'000	31 December 2020 \$'000	30 June 2021 \$'000	31 December 2020 \$'000
Non-current liabilities				
Other payables	556	543	—	—
Amount owing to subsidiaries	—	—	13,345	13,268
Interest-bearing borrowings	—	3,678	—	3,678
Lease liabilities	1,424	2,085	170	313
Contract liabilities	65,944	62,659	15,866	15,310
Deferred tax liabilities	4,442	4,625	15	15
	<u>72,366</u>	<u>73,590</u>	<u>29,396</u>	<u>32,584</u>
Total liabilities	<u>95,053</u>	<u>99,994</u>	<u>48,022</u>	<u>51,679</u>
Net assets	<u>132,857</u>	<u>133,222</u>	<u>112,012</u>	<u>114,164</u>
Equity attributable to owners of the Company				
Share capital	95,163	95,646	95,163	95,646
Treasury shares	(13,290)	(14,073)	(13,290)	(14,073)
Accumulated profits	65,764	65,570	29,323	31,632
Other reserves	(15,042)	(14,047)	816	959
	<u>132,595</u>	<u>133,096</u>	<u>112,012</u>	<u>114,164</u>
Non-controlling interests	<u>262</u>	<u>126</u>	<u>—</u>	<u>—</u>
Total equity	<u>132,857</u>	<u>133,222</u>	<u>112,012</u>	<u>114,164</u>
Total equity and liabilities	<u>227,910</u>	<u>233,216</u>	<u>160,034</u>	<u>165,843</u>

Condensed Interim Financial Statements for the Half Year Ended 30 June 2021

B Condensed interim statements of financial position (cont'd)

B(i) Aggregate amount of the group's borrowings and debt securities

	As at	
	30 June 2021	31 December 2020
	\$'000	\$'000
Loan I – secured		
– repayable in one year or less, or on demand	—	310
– repayable after one year	—	3,678
	<u>—</u>	<u>3,988</u>
	<u>—</u>	<u>3,988</u>

Loan I is secured by:

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

On 17 March 2021, the Company repaid the outstanding interest-bearing borrowings of S\$3.9 million. Following the settlement, all charges on the Company's leasehold buildings, investment properties and current trade receivables were discharged.

In September 2019, the Company obtained a short-term loan facility (“ST Loan facility”) from Standard Chartered Bank, which gives the Company a drawdown limit of S\$9.0 million, secured by fixed deposits of MYR30.0 million (approximately S\$10.0 million as at 30 June 2021 and S\$10.1 million as at 30 June 2020) placed by Stemlife Berhad, a subsidiary of the Company. No drawdown has been made on the ST Loan facility as at 30 June 2021.

Condensed Interim Financial Statements for the Half Year Ended 30 June 2021

C Condensed interim consolidated statement of cash flows

	Group	
	6 months ended 30 June	
	2021	2020
	\$'000	\$'000
Cash flows from operating activities:		
Profit before income tax	2,727	3,139
Adjustments for:		
Depreciation of property, plant and equipment	1,337	1,420
Amortisation of intangible assets	494	632
Loss/(gain) on disposal of property, plant and equipment	7	(11)
Impairment loss on receivables and bad debts written off, net	486	515
Impairment loss on non-trade receivables and bad debts written off, net	—	255
Interest income	(5,227)	(5,451)
Interest expense	115	162
Investment Income	154	41
Share-based compensation expense	157	198
Share of profit of associate	(287)	—
Unrealised exchange gain	(193)	(542)
	(230)	358
Operating cash flows before changes in working capital		
<u>Changes in working capital</u>		
Decrease/(increase) in trade receivables	1,396	(1,967)
(Increase)/decrease in contract assets	(666)	732
Increase in other receivables and prepayments	(73)	(372)
Decrease/(increase) in inventories	378	(412)
(Decrease)/increase in trade and other payables	(1,785)	564
Decrease in lease liabilities	(1,292)	(530)
Increase in contract liabilities	2,428	3,330
	156	1,703
Cash generated from operations		
Interest received	4,839	5,543
Interest paid	(35)	(78)
Income tax paid	(535)	(512)
	4,425	6,656
Net cash from operating activities		

Condensed Interim Financial Statements for the Half Year Ended 30 June 2021

C Condensed interim consolidated statement of cash flows (cont'd)

	Group	
	6 months ended 30 June	
	2021	2020
	\$'000	\$'000
Cash flows from investing activities:		
Purchase of property, plant and equipment	(497)	(433)
Purchase of intangible assets	(152)	(55)
Proceeds from sale of investment property	553	—
Proceeds from disposal of fixed assets	3	1
Redemption/(placement) of short-term investments	104	(612)
Proceeds from sale of long-term investments	—	5,145
Transfer to term deposits	(4,602)	(2,427)
Net cash (used in)/from investing activities	(4,591)	1,619
Cash flows from financing activities:		
Acquisition of non-controlling interest in subsidiary	(56)	—
Repayment of interest-bearing borrowings	(3,987)	(153)
Dividends paid	(2,298)	—
Cash flows used in financing activities	(6,341)	(153)
Net (decrease)/increase in cash and cash equivalents	(6,507)	8,122
Cash and cash equivalents at the beginning of the financial period	25,938	14,784
Effects of exchange rate changes on cash and cash equivalents	432	315
Cash and cash equivalents at end of the financial period	19,863	23,221

Cash and cash equivalents

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

Condensed Interim Financial Statements for the Half Year Ended 30 June 2021

D Condensed interim statements of changes in equity

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

Condensed Interim Financial Statements for the Half Year Ended 30 June 2021

D Condensed interim statements of changes in equity (cont'd)

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



CORDLIFE GROUP LIMITED

Condensed Interim Financial Statements for the Half Year Ended 30 June 2021

D Condensed interim statements of changes in equity (cont'd)

Group	Share capital \$'000	Treasury shares \$'000	Accumulated profits \$'000	Share-based compensation reserve \$'000	Capital reserve \$'000	Merger reserve \$'000	Acquisition reserve \$'000	Foreign currency translation reserve \$'000	Non-controlling interests \$'000	Total \$'000
At 1 January 2021	95,646	(14,073)	65,570	537	568	534	(11,740)	(3,946)	126	133,222
Profit for the financial period	—	—	2,492	—	—	—	—	—	2	2,494
Other comprehensive loss for the financial period, net of tax	—	—	—	—	—	—	—	(661)	—	(661)
- Foreign currency translation	—	—	—	—	—	—	—	(661)	—	(661)
Total comprehensive income/(loss) for the financial period, net of tax	—	—	2,492	—	—	—	—	(661)	2	1,833
Contributions by and distributions to owners	—	—	—	—	—	—	—	—	—	—
Grant of share awards to employees	—	—	—	157	—	—	—	—	—	157
Reissuance of treasury shares pursuant to equity compensation plans	(483)	783	—	(300)	—	—	—	—	—	—
Dividends	—	—	(2,298)	—	—	—	—	—	—	(2,298)
Total contributions by and distributions to owners	(483)	783	(2,298)	(143)	—	—	—	—	—	(2,141)
Changes in ownership interests in subsidiary	—	—	—	—	—	—	(191)	—	134	(57)
Acquisition of non-controlling interests in subsidiary*	—	—	—	—	—	—	(191)	—	134	(57)
Total changes in ownership interest in subsidiary	—	—	—	—	—	—	(191)	—	134	(57)
At 30 June 2021	95,163	(13,290)	65,764	394	568	534	(11,931)	(4,607)	262	132,857



CORDLIFE GROUP LIMITED

Condensed Interim Financial Statements for the Half Year Ended 30 June 2021

D Condensed interim statements of changes in equity (cont'd)

*On 11 June 2021, the Group's wholly-owned subsidiary, Cordlife Stem Cell Technology Limited acquired 660,000 ordinary shares in Hong Kong Screening Centre Limited ("HKSC") from Navigene Genetic Science Pvt. Ltd, representing approximately 33.0% of all the issued ordinary shares of HKSC for HK\$329,776 (approximately S\$57,000). As a result of the acquisition, the carrying value of the non-controlling interest being approximately S\$(134,000) was reversed, and the difference between the consideration and the carrying value of the non-controlling interest, being S\$191,000 was recognised in acquisition reserve under other reserve.

Condensed Interim Financial Statements for the Half Year Ended 30 June 2021

D Condensed interim statements of changes in equity (cont'd)

Company	Share capital \$'000	Treasury shares \$'000	Accumulated profits \$'000	Share-based compensation reserve \$'000	Capital reserve \$'000	Total \$'000
At 1 January 2021	95,646	(14,073)	31,632	537	422	114,164
Profit for the financial period, representing total comprehensive income for the financial period	—	—	(11)	—	—	(11)
<u>Contributions by and distributions to owners</u>						
Grant of share awards to employees	—	—	—	157	—	157
Reissuance of treasury shares pursuant to equity compensation plans	(483)	783	—	(300)	—	—
Dividends	—	—	(2,298)	—	—	(2,298)
Total contributions by and distributions to owners	(483)	783	(2,298)	(143)	—	(2,141)
At 30 June 2021	95,163	(13,290)	29,323	394	422	112,012

E Notes to the condensed interim consolidated financial statements

1 Corporate information

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”). These condensed interim financial statements as at and for the six months ended 30 June 2021 comprise the Company and its subsidiaries (together referred to as the ‘Group’) and the Group’s interest in equity-accounted investees.

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:

- a. provision of cord blood, cord lining and cord tissue banking services
- b. provision of newborn metabolic screening services
- c. provision of medical laboratory and diagnostic services and general medical screening tests
- d. property investment
- e. investment holding
- f. provision of marketing services

2 Basis of Preparation

2(a) Statement of compliance

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

2(b) Basis of measurement

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

2(c) Functional and presentation currency

These condensed interim 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.

Condensed Interim Financial Statements for the Half Year Ended 30 June 2021

E Notes to the condensed interim consolidated financial statements (cont'd)

2 Basis of Preparation (cont'd)

2(d) Use of estimates and judgements

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 condensed interim financial statements are as follows :

- *Revenue recognition: whether revenue from rendering of cord blood, cord lining and cord tissue banking services is recognised over time or point in time*

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

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

Condensed Interim Financial Statements for the Half Year Ended 30 June 2021

E Notes to the condensed interim consolidated financial statements (cont'd)

2 Basis of Preparation (cont'd)

2(d) Use of estimates and judgements (cont'd)

- *Uncertainty over income tax treatments: determination of tax implications on finance income recognised on contracts*

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 has written to the Inland Revenue Authority of Singapore to clarify the position. No provision for current tax expense has been made as at 30 June 2021.

Information about assumptions and estimation uncertainties that have a significant risk of resulting in a material adjustment within the next interim period are as follows:

- *Fair value of investment properties: determination of fair value of investment properties based on the valuation technique and significant unobservable inputs*

For the year ended 31 December 2020, 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.

For the half year ended 30 June 2021, the Group had re-assessed the valuation using the comparable market transactions in the open market and concluded that the fair value of the investment properties has not changed significantly since the end of the last reporting period.

- *Impairment of non-financial assets: key assumptions used in discounted cash flow projections for the recoverable amounts*

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

	Group	
	30 June 2021	31 December 2020
	\$'000	\$'000
Business operations in Malaysia – Stemlife Berhad	7,486	7,580
Business operations in Hong Kong – Healthbaby and Cordlife Hong Kong	20,094	19,832
	<u>27,580</u>	<u>27,412</u>

E Notes to the condensed interim consolidated financial statements (cont'd)

2 Basis of Preparation (cont'd)

2(d) Use of estimates and judgements (cont'd)

As at 31 December 2020, the recoverable amount of CGUs has been determined based on value in use calculations using cash flow projections from financial budgets approved by management covering a five-year period.

As at 30 June 2021, the Group assessed that there were no indicators that the CGUs may be impaired. Accordingly, no impairment assessment was performed.

- *Measurement of expected credit losses allowance for trade and other receivables and contract assets: key assumptions in determining the weighted-average loss*

As at 30 June 2021, 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.

The preparation of the condensed interim 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.

3 Seasonal operations

The Group's business are not affected significantly by seasonal or cyclical factors during the financial period.

E Notes to the condensed interim consolidated financial statements (cont'd)

4 Segment and revenue information

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.

Condensed Interim Financial Statements for the Half Year Ended 30 June 2021

E Notes to the condensed interim consolidated financial statements (cont'd)

4 Segment and revenue information (cont'd)

Segment revenue

	Banking S\$'000	Diagnostics S\$'000	Total S\$'000
Period ended 30 June 2021			
Revenue from external clients	21,415	1,755	23,170
Total consolidated revenue			<u>23,170</u>

Period ended 30 June 2020			
Revenue from external clients	25,023	1,218	26,241
Total consolidated revenue			<u>26,241</u>

Segment results

Period ended 30 June 2021			
Depreciation and amortisation	(1,826)	(5)	(1,831)
Segment profit	950	527	1,477
Share of profit of associate			287
Finance income			1,078
Finance costs			(115)
Profit before income tax			<u>2,727</u>
Income tax			(233)
Profit for the period			<u>2,494</u>

Period ended 30 June 2020			
Depreciation and amortisation	(2,045)	(7)	(2,052)
Segment profit	1,916	271	2,187
Finance income			1,114
Finance costs			(162)
Profit before income tax			<u>3,139</u>
Income tax			(507)
Profit for the period			<u>2,632</u>

Condensed Interim Financial Statements for the Half Year Ended 30 June 2021

E Notes to the condensed interim consolidated financial statements (cont'd)

4 Segment and revenue information (cont'd)

Segment assets and liabilities

	Banking \$'000	Diagnostics \$'000	Others* \$'000	Total \$'000
Period ended 30 June 2021				
Additions to non-current assets, comprising additions to property, plant and equipment and intangible assets	69	—	—	69
Segment assets	255,741	49	557	256,347
Investment in associate				961
Investment properties				6,905
Short-term investments				4,317
Eliminations+				(40,620)
Per interim financial statements				<u>227,910</u>
Segment liabilities	117,014	656	11,091	128,761
Tax payables				2,263
Deferred tax liabilities				4,442
Eliminations+				(40,413)
Per interim financial statements				<u>95,053</u>
Period ended 30 June 2020				
Additions to non-current assets, comprising additions to property, plant and equipment and intangible assets	2,992	—	—	2,992
Segment assets	256,519	56	552	257,127
Investment properties				7,681
Short-term investments				4,347
Eliminations+				(35,965)
Per interim financial statements				<u>233,190</u>
Segment liabilities	118,105	662	11,079	129,846
Tax payables				2,162
Deferred tax liabilities				4,885
Eliminations+				(35,872)
Per interim financial statements				<u>101,021</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.

Condensed Interim Financial Statements for the Half Year Ended 30 June 2021

E Notes to the condensed interim consolidated financial statements (cont'd)

4 Segment and revenue information (cont'd)

	Revenue	
	6 months ended	
	2021	2020
	\$'000	\$'000
Singapore	9,570	11,133
Hong Kong	3,835	3,897
India	3,824	4,715
Malaysia	1,772	1,724
Philippines	2,112	2,351
Others	2,057	2,422
	23,170	26,242
	23,170	26,242

5 Related party transactions

There are no material related party transactions apart from those disclosed elsewhere in the interim financial statements.

6 Taxation

	Group	
	6 months ended	
	2021	2020
	\$'000	\$'000
<i>Current tax expense</i>		
Current year	301	1,037
Over-provision in respect of previous years	(199)	(207)
	102	830
<i>Deferred tax expense</i>		
Origination and reversal of temporary differences	131	(323)
	233	507
	233	507

Income tax is calculated at prevailing tax rates of the respective countries on the estimated assessable profit for the period.

7 Subsequent event

A supplemental agreement was signed in July 2021 to further extend the Class A Redeemable Convertible Note ("RCN") with CellResearch Corporation Pte Ltd ("CRC") with principal amount of S\$4.2million, which initially matured as of 30 June 2021, for another 2 years to 30 June 2023 on the same terms. The yielding interest is at a rate of three-month SIBOR plus 7% per annum payable annually in arrears.

Other than the aforesaid matter, there are no known subsequent events which have led to adjustments to this set of interim financial statements.



CORDLIFE GROUP LIMITED

Other Information for the Half Year Ended 30 June 2021

Other information required under Appendix 7.2 of the
SGX-ST Listing Manual

Other Information for the Half Year Ended 30 June 2021

1(a) Share capital and treasury shares

Company	Number of shares	Share capital (S\$)
As at 31 December 2020	254,582,744	95,646,171
Treasury shares reissued pursuant to equity compensation plans	718,700	(483,137)
As at 30 June 2021	255,301,444	95,163,034

	As at	
	30 June 2021 No. of shares	31 December 2020 No. of shares
Total number of issued shares	267,525,354	267,525,354
Less: Treasury shares	(12,223,910)	(12,942,610)
Total number of issued shares excluding treasury shares	255,301,444	254,582,744
Percentage of treasury shares against total number of shares outstanding	4.6 %	4.8 %

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

On 16 April 2021, 718,700 treasury shares were reissued pursuant to the Cordlife Share Grant Plan.

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

Not applicable.

Other Information for the Half Year Ended 30 June 2021

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

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

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

Not applicable.

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

Not applicable.

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

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

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

The Group has adopted new and revised Singapore Financial Reporting Standards (International) ("SFRS(I)") and Interpretations of SFRS(I) ("INT SFRS(I)") which became effective for the financial year beginning 1 January 2021.

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

Other Information for the Half Year Ended 30 June 2021

6 Earnings per ordinary share

	Group	
	6 months ended 30 June	
Basic Earnings Per Share	2021	2020
Earnings per ordinary share of the group for the financial period based on net profit attributable to shareholders of the Company:		
Profit attributable to shareholders of the Company (S\$ '000)	2,492	2,633
Weighted average number of shares in issue during the period ('000)	254,885	254,036
Basic earnings per share based on weighted average number of ordinary shares (cents)	0.98	1.04
Diluted Earnings Per Share		
Earnings per ordinary share of the group for the financial period based on net profit attributable to shareholders of the Company:		
Profit attributable to shareholders of the Company (S\$ '000)	2,492	2,633
Weighted average number of shares in issue during the period ('000)	256,804	255,633
Diluted earnings per share based on weighted average number of ordinary shares (cents)	0.97	1.03

Notes:

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

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

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

Other Information for the Half Year Ended 30 June 2021

7 Net asset value

	Group		Company	
	30 June 2021 (cents)	31 December 2020 (cents)	30 June 2021 (cents)	31 December 2020 (cents)
Net asset value per ordinary share based on the total number of issued shares excluding treasury shares of the issuer at the end of the relevant period	52.04	52.33	43.87	44.84

The number of shares in issue and used in calculating the net asset value per share as at 30 June 2021 is 255,301,444 (31 December 2020: 254,582,744).

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

COMPARING 6 MONTHS ENDED 30 JUNE 2021 ("HY2021") AGAINST 6 MONTHS ENDED 30 JUNE 2020 ("HY2020")

Income Statement

Revenue

Revenue decreased by 11.7% or S\$3.0 million from S\$26.2 million in HY2020 to S\$23.2 million in HY2021.

The Group's services had mainly been classified as essential and its core operations, with proper hygiene protocols in place, could continue despite the movement limitations and/or 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 that the Group operates, movement limitations and border restrictions has made service delivery even more challenging. This resulted in a 17.0% decrease in the new samples processed and stored from 10,600 in HY2020 to 8,800 in HY2021. 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 the Philippines and Hong Kong.

The Group also ramped up its diagnostic service offerings, which grew 44.1% or S\$0.5 million from HY2020 to HY2021. The increase is in particular attributable to the increase in pre-natal testing services offered by the Group.

Other Information for the Half Year Ended 30 June 2021

Cost of sales

Cost of sales decreased by 13.0% or S\$1.3 million in HY2021 compared to HY2020 mainly due to the decrease in new samples processed and stored in relation to banking services. The decrease was partially offset with an increase in cost of diagnostic sales due to higher uptake of diagnostic services.

Gross profit and gross profit margin

Gross profit decreased from S\$16.5 million in HY2020 to S\$14.7 million in HY2021 mainly due to a decrease in new samples processed and stored. While there was an increase in diagnostic services which generally has a lower gross profit margin, the impact was offset by a higher proportion of clients opting for higher value plans in the Philippines and Hong Kong. As a result, gross profit margin remained relatively stable at 63.2% in HY2021 as compared to 62.7% in HY2020.

Other operating income

The increase in other operating income of approximately S\$71,000 was mainly due to government grants received in Singapore, Hong Kong and Malaysia of approximately S\$246,000 for the Coronavirus Disease 2019 outbreak (“COVID-19”) in HY2021 as compared to S\$107,000 received in Hong Kong and Malaysia in HY2020. In addition, the Hong Kong subsidiaries also received funding amounting to approximately S\$80,000 under a technology talent funding scheme in HY2021. There was no such funding in HY2020.

The increase was slightly offset by an increase in fair value loss on the short-term investments of S\$113,000 from S\$41,000 in HY2020 to S\$154,000 in HY2021 arising from short-term investments held in Malaysia.

Selling and marketing expenses

Selling and marketing expenses decreased by 5.3% or S\$0.5 million in HY2021 compared to HY2020. In view of the impact of the pandemic on the Group’s results, the Group has placed restrictions on the replacement of headcount lost through natural attrition. This resulted in a decrease in staff-related expenses of S\$360,000. Advertising and promotion expenses decreased by approximately S\$142,000 mainly due to restrictions imposed in various countries on physical trade fairs and antenatal seminars to minimise physical interactions in view of the spread of COVID-19. Nonetheless, the Group focused on online channels to continue its outreach and increase awareness of stemcell banking. The decrease was also partly due to lower travel and transportation expenses of approximately S\$90,000 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.

Administrative expenses

Administrative expenses decreased by 7.3% or S\$0.7 million in HY2021 compared to HY2020.

The decrease was mainly attributed to the decrease in impairment loss on non-trade receivables. The Group recognised an impairment loss on non-trade receivables due from a third party in its India subsidiary in HY2020 of S\$255,000. No such impairment loss was made in HY2021.

Amortisation expenses decreased from S\$632,000 in HY2020 to S\$494,000 in HY2021 mainly due to lower amortisation in Singapore as certain intangible assets reached the end of their amortisation period by HY2020.

Other Information for the Half Year Ended 30 June 2021

Staff-related expenses decreased by approximately S\$330,000 in HY2021 compared to HY2020 as result of the restrictions on the replacement of headcount lost through natural attrition in view of the impact of the pandemic on the Group's results. With the shift to telecommuting and digital communications since April 2020, other administrative expenses such as postage and courier fee, repair and maintenance, office telephone charges and consumables decreased by S\$108,000.

The decrease is partially offset by the increase in foreign exchange loss by approximately S\$210,000 in HY2021 compared to HY2020. A foreign exchange loss of S\$129,000 was recognised in HY2021 mainly due to revaluation of foreign currency payables in the Group's Indonesia subsidiary as IDR depreciated against S\$ from January 2021 to June 2021. A foreign exchange gain of S\$81,000 in HY2020 was mainly due to the revaluation of intercompany payables denominated in S\$ in the Hong Kong subsidiary as HK\$ strengthened against S\$ from January 2020 to June 2020.

Finance income

Finance income comprises finance income on contract assets of S\$4.1 million (HY2020: S\$4.3 million) and interest income from deposits, short-term investments and note receivable of S\$1.1 million (HY2020: S\$1.1 million).

Finance costs

Finance costs relate to interest-bearing borrowings and lease liabilities which amounted to S\$115,000 (HY2020: S\$162,000). On 17 March 2021, the Company repaid the outstanding interest-bearing borrowings of S\$3.9 million. Consequently, interest expense decreased in HY2021 as compared with HY2020.

Profit before income tax from operations

As a result of the foregoing, the profit before income tax from operations of S\$2.4 million for HY2021 was 22.3% lower than for HY2020.

Share of profit of associate

Through its subsidiary, Stemlife Berhad, the Group holds a 39.61% stake in Thai Stemlife Co., Ltd ("TSL"), which provides cord blood banking services in Thailand. 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.

As TSL has shown sustained profitability in recent years, the Group has reversed the impairment in December 2020. The Group has recognised the share of profit of associate of S\$287,000 in HY2021. There was no share of profit of associate recognised in HY2020.

Other Information for the Half Year Ended 30 June 2021

Tax

In HY2021, share of profit of associate and government grants of S\$246,000 were not taxable. In HY2020, government grants of S\$107,000 was not taxable.

Over-provision of tax in respect of prior years of approximately S\$199,000 for HY2021 mainly comprises an over-provision of corporate income tax in the Philippines subsidiary. In HY2020, the over-provision of tax in respect of prior years of S\$207,000 comprises over-provision of corporate income tax of S\$129,000 and S\$78,000 for the Singapore and Malaysia subsidiaries respectively.

Adjusting for the foregoing, the effective tax rate of 19.7% in HY2021 was slightly lower than HY2020 at 23.5%. The decrease in effective tax rate was mainly due to the utilisation of tax losses carried forward from previous years for which no deferred tax asset was recognised.

Balance sheet

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

As at 30 June 2021, the Group maintained a strong balance sheet, with cash and cash equivalents, fixed deposits and short-term investments of S\$73.4 million (30 June 2020: S\$75.2 million). Short-term investments mainly comprise investments in money market funds and Class A Redeemable Convertible Note (“RCN”) from CRC. The decrease in the total cash and cash equivalents, fixed deposits and short-term investments was mainly due to the repayment of interest-bearing borrowings of S\$4.0 million as well as dividend payment of S\$2.3 million under financing activities. The decrease was slightly offset by the cash generated from operating activities of S\$4.4 million and proceeds from the sale of investment property of approximately S\$553,000.

Net cash generated from operating activities comprised mainly operating cash flows before movements in working capital of S\$230,000, net interest received of S\$4.8 million, net working capital inflow of S\$386,000 offset by income tax paid of S\$535,000.

Net working capital inflow of approximately S\$386,000 comprised the following:

- decrease in trade receivables of approximately S\$1.4 million;
- increase in contract assets of approximately S\$0.7 million;
- decrease in other receivables, deposits and prepayments of approximately S\$73,000;
- decrease in inventories of approximately S\$378,000;
- decrease in trade and other payables of approximately S\$1.8 million;
- decrease in lease liabilities of approximately S\$1.3 million; and
- increase in contract liabilities of approximately S\$2.4 million.

Other Information for the Half Year Ended 30 June 2021

Property, plant and equipment

As at 30 June 2021, the Group recorded S\$15.6 million on its balance sheet for property, plant and equipment (31 December 2020: S\$16.4 million). The decrease was mainly due to depreciation of S\$1.3 million in HY2021. The decrease was slightly offset by the purchase of equipment required for the normal course of business.

Investment properties

As at 30 June 2021, the Group recorded S\$6.9 million on its balance sheet for investment properties (31 December 2020: S\$7.5 million). In HY2021, the Group sold off one of its investment properties in Singapore.

Intangible assets

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

Deferred tax assets

Deferred tax assets represent prior year tax losses carried forward as a result of the transitional adjustments arising from the adoption of FRS115 in the Hong Kong subsidiary. The decrease in deferred tax from S\$1,139,000 as of 31 December 2020 to S\$0.8 million as of 30 June 2021 was due to utilisation of deferred tax asset to offset against HY2021 profit of the said subsidiary.

Investment in associate

Investment in associate comprise of a 39.61% stake in TSL through Stemlife Berhad. The increase in investment in associate was due to the recognition of the share of profit of associate of S\$287,000 in HY2021.

Contract assets, non-current

Non-current contract assets represent all service revenues arising from the performance obligations identified under instalment payment plans in the cord blood, cord lining and cord tissue banking contracts that have yet to be billed to clients. Upon billing, the billed amount will be receivable under the same terms as the current trade receivables. As at 30 June 2021, the Group recorded non-current contract assets of S\$67.2 million (31 December 2020: S\$68.2 million).

Inventories

As at 30 June 2021, the Group recorded inventories of S\$1.3 million (31 December 2020: S\$1.7 million).

Prepayments

As at 30 June 2021, the Group recorded prepayment of S\$1.9 million (31 December 2020: S\$2.6 million). The Group had prepaid for several marketing fees and insurance near the end of the financial year ended 31 December 2020, the decrease in prepayment was due to the monthly unwinding of the prepayments.

Trade receivables, current

Current trade receivables as at 30 June 2021 was S\$23.3 million compared to S\$23.4 million as at 31 December 2020.

Other Information for the Half Year Ended 30 June 2021

Other receivables, current

As at 30 June 2021, the Group recorded other receivables of S\$3.0 million compared to S\$3.1 million as at 31 December 2020.

Tax recoverable

As at 30 June 2021, the Group recorded tax recoverable of S\$1.9 million (31 December 2020: S\$1.2 million). The Group's subsidiary in Indonesia, PT Cordlife Persada, had received a tax assessment in respect of FY2016, mainly relating to withholding and value added tax imposed on transactions arising from contracts signed by the subsidiaries 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.

As required by the Indonesia's tax ruling, the subsidiary had prepaid the preliminary tax assessed amount of approximately S\$0.6 million accordingly. The Group has also received advice from external experts in relation to this matter and will vigorously defend its position. As such, no provision has been made as at 30 June 2021 and the prepaid tax amount was classified as tax recoverable.

Short-term investments

As at 30 June 2021, the Group recorded short-term investments of S\$19.6 million compared to S\$19.8 million as at 31 December 2020. A supplemental agreement was signed in July 2021 to further extend the RCN with principal amount of S\$4.2million from CRC, which initially matured as of 30 June 2021, for another 2 years to 30 June 2023 on the same terms. The yielding interest is at a rate of three-month SIBOR plus 7% per annum payable annually in arrears.

Trade and other payables, current and non-current

As at 30 June 2021, the Group recorded current trade and other payables of S\$12.1 million (31 December 2020: S\$14.3 million) and non-current other payables of S\$556,000 (31 December 2020: S\$543,000).

Interest-bearing borrowings, current and non-current

On 17 March 2021, the Company repaid the outstanding interest-bearing borrowings of S\$3.9 million. Following the settlement, all charges on the Company's leasehold buildings, investment properties and current trade receivables were discharged.

Lease liabilities, current and non-current

As of 30 June 2021, the Group recognised lease liabilities of S\$2.4 million on property and equipment leases (31 December 2020: S\$3.7 million). The decrease in lease liabilities was attributable advance payment made to the property leases in Indonesia.

Contract liabilities, current and non-current

Contract liabilities represent revenue received in advance for services revenues to be rendered under the various performance obligations identified in the cord blood, cord lining and cord tissue banking contracts. As at 30 June 2021, current and non-current contract liabilities were at S\$7.3 million and S\$65.9 million respectively (31 December 2020: S\$7.8 million and S\$62.7 million respectively).

Other Information for the Half Year Ended 30 June 2021

Income tax payable

The Group recorded income tax payable of S\$2.3 million as at 30 June 2021 (31 December 2020: S\$2.5 million).

Deferred tax liabilities

As at 30 June 2021, deferred tax liabilities amounted to S\$4.4 million (31 December 2020: S\$4.6 million), comprising deferred tax liabilities on temporary differences and on intangible assets recognised on business combination.

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

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

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

There appears to be signs of an economic recovery from the impact of the COVID-19 pandemic, following the global increase in vaccine adoption rates this year. However, new emerging COVID-19 variants have resulted in a pattern of gradual and uneven reopening of economies. Given that the situation is still evolving and uncertain, the Group is cautious that certain intermittent lockdowns may still be implemented in the countries that the Group operates in and will continue to monitor the situation closely and respond accordingly.

While business activities of the Group have remained substantially operational in most countries due to them being classified as essential services, the recessionary impact from the pandemic affected the demand for banking services and reduced the number of client sign-ups due to tightened consumer spending. Amidst these challenges, in line with plans to increase customer lifetime value, the Group ramped up its diagnostic service offerings through the provision of services in the mother and child segment including non-invasive prenatal testing (NIPT), paediatric vision screening, newborn metabolic screening, and newborn genetic screening services. These offerings have received relatively positive responses from various markets despite the outbreak. Given that NIPT is expected to grow at a compound annual growth rate of 17.8% from 2020 to 2027¹, the Group sees opportunity within the space.

The implementation of social distancing measures and the closing of borders to curb the spread of COVID-19 have also limited the delivery of services. As such, the Group re-configured its business processes and placed more focus on its digital initiatives to better serve and empower clients, reach a wider audience of new clients and maintain its competitiveness in the industry. The Group stepped up its digital marketing campaigns to capture business opportunities by holding webinars to create awareness of its product and service offerings among consumers. Through social media platforms, weekly and quarterly updates on cord blood and cord lining related news were provided, along with developments on stem cell utility and relevant industry news. In addition, the Group has implemented an electronic enrolment platform as clients are increasingly receptive to online consultation.

Other Information for the Half Year Ended 30 June 2021

In addition, the Group has been 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, the Group believes that its banking business will be a primary beneficiary.

Notwithstanding the pandemic, the Group continues to emphasise on increasing public awareness of the benefits of stem-cell banking as well as strengthening its market position and expanding its footprint beyond the current markets. The Group aims to deepen the penetration of banking services in each market as well as to grow the diagnostic and digital healthcare business segments through continuous engagement with its client and their broader families over their lifetime. In order to remain agile and cater to a technologically-savvy market, the Group will continue to strengthen digital capabilities to improve its online customer experience, increase operational efficiency and reduce the costs of service delivery.

As at 30 June 2021, the Group's balance sheet remains strong, and the Group had S\$73.4 million in cash and cash equivalents, fixed deposits and short-term investments in money market funds and RCN from CRC. Moving forward, the Group will remain resilient in its pursuit of business opportunities but will also stay cautiously optimistic amidst the new pandemic variants and uncertainty of the global economic landscape. The Group will also continue to observe necessary protocols and take precautions to ensure the safety of our staff and viability of operations.

Barring unforeseen developments and exceptional non-operating items, the Group expects to remain profitable for the current financial year ending 31 December 2021.

¹Fortune Business Insights, "Non-invasive prenatal testing market", <https://www.fortunebusinessinsights.com/industry-reports/non-invasive-prenatal-testing-market-100998>

11 Dividends

(a) Current financial period reported on

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

(b) Corresponding period of the immediately preceding financial year

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

(c) The date the dividend is payable

Not applicable

(d) Book closure date

Not applicable

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

The Directors did not declare or recommend dividends for HY2021. The Directors will review dividend payout in the following quarters after taking into consideration of the Company's performance, given the uncertainties arising from the COVID-19 pandemic.

Other Information for the Half Year Ended 30 June 2021

13 Interested person transactions

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

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

14 Disclosure on the use of placement proceeds

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

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

As at 13 August 2021, the Group has utilised approximately S\$27.3 million out of S\$33.5 million of the Private Placement proceeds as follows:

Intended Use of Placement Proceeds	Estimated amount (\$ m)	Estimated percentage of gross proceeds raised from the Private Placement	Amount utilised (\$ m)	Percentage of gross proceeds raised from the Private Placement
Further, fund and support the Group's operations in connection with its enlarged geographical footprint developed after the Company's initial public offering, including funding of additional strategic investments, joint ventures, acquisitions and/ or strategic alliances as and when opportunities materialise and are deemed appropriate by the Board	23.5	70.1%	16.8	50.0%
General working capital	8.6	25.7%	9.9	29.5%
Expenses incurred in connection with the Private Placement	1.4	4.2%	0.6	1.8%
	33.5	100.0%	27.3	81.2%

Note:

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

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

Other Information for the Half Year Ended 30 June 2021

	Amount (S\$ million)
Amount utilised as working capital:	
Trade purchases	9.8
Legal and professional fees	0.1
Total	9.9

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

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

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

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

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

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

To the best of knowledge of the Board of Directors of the Company (the "Board"), nothing has come to the attention of the Board which may render the interim financial statements of the Company and the Group for HY2021 presented in this announcement, to be false or misleading in any material aspect.

By Order of the Board

Tan Poh Lan
Group CEO and Executive Director
13 August 2021