

CORDLIFE GROUP LIMITED
(Company Registration No. 200102883E)
(Incorporated in the Republic of Singapore)

ANNUAL GENERAL MEETING TO BE HELD ON 14 MAY 2024
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 29 April 2024 relating to the Company's annual general meeting ("**AGM**") to be held on Tuesday, 14 May 2024 at 9.00 a.m (Singapore time) at the Temasek Club at 131 Rifle Range Road, Singapore 588406.

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) from shareholders related to the resolutions to be tabled for approval at the AGM, which are submitted no later than 9.00 a.m. on 7 May 2024.

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

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

Mr Ivan Yiu Pang Fai
Group CEO
10 May 2024

APPENDIX

1. **Given that there are many resolutions proposed by substantial shareholders on the removal of directors, what are the relevant legal requirements that require the Company to table these resolutions?**

Company's Response:

As announced by the Company on 21 March 2024 and 27 March 2024, the Board received:

- (a) a letter (the "**NJXJK Requisition Notice**") from Phillip Securities Pte Ltd ("**Phillip Securities**") as nominee for Nanjing Xinjiekou Department Store Co., Ltd. (the "**First Requisitioning Shareholder**") requisitioning, pursuant to Section 176 of the Companies Act 1967 of Singapore ("**Companies Act**"), the Directors to convene an extraordinary general meeting ("**EGM**") as soon as practicable but in any case not later than two (2) months after receipt of the notice, and to table the resolutions contained in the NJXJK Requisition Notice, and
- (b) a letter (the "**TG Requisition Notice**" and together with the NJXJK Requisition Notice, the "**Requisition Notices**") from Phillip Securities, as nominee/custodian for Haitong International Securities Pte Ltd for its underlying client, TransGlobal Real Estate Group, Ltd (the "**Second Requisitioning Shareholder**", together with the First Requisitioning Shareholder, the "**Requisitioning Shareholders**") requisitioning, pursuant to Section 176 of the Companies Act, the Directors to convene an EGM as soon as practicable but in any case not later than two (2) months after receipt of the notice, and to table the resolutions contained in the TG Requisition Notice.

The Requisition Notices further provide that if an EGM is not convened prior to the upcoming AGM of the Company, the Requisition Notices would also serve as special notice to the Company, and the Requisitioning Shareholders have each requisitioned the Directors to circulate the proposed resolutions in each of the Requisition Notices to be voted on at the AGM pursuant to Section 183 of the Companies Act.

Section 183 of the Companies Act provides that shareholders of a company representing not less than five (5) per cent of the total voting rights of all the shareholders of the company have a statutory right to propose any resolution which may properly be moved at an AGM. In that regard, as the Requisitioning Shareholders each hold more than five (5) per cent of the total voting rights of all the shareholders of the Company, pursuant to Section 183, the Company must table the validly proposed resolutions by the Requisitioning Shareholders at the upcoming AGM of the Company.

2. Would any persons be required to abstain from voting on the resolutions at the AGM?

Company's Response:

The following persons will, at the AGM, abstain from voting his/her/their respective shareholdings (if any) in respect of the following resolutions and will decline to accept appointment as proxy for any other shareholder unless specific directions as to voting have been specified in the relevant proxy form:

Resolution Number and Details	Name
<u>Ordinary Resolution 2</u> Re-election of Mr Cheong Tuck Yan Titus Jim as a Director of the Company	Mr Cheong Tuck Yan Titus Jim
<u>Ordinary Resolution 3</u> Re-election of Ms Chen Xiaoling as a Director of the Company	Ms Chen Xiaoling
<u>Ordinary Resolution 4</u> Re-election of Mr Yiu Ming Yiu as a Director of the Company	Mr Yiu Ming Yiu
<u>Ordinary Resolution 5</u> Re-election of Mr Chow Wai Leong as Director of the Company	Mr Chow Wai Leong
<u>Ordinary Resolution 6</u> Directors' fees of up to S\$450,000 for the Directors for the financial year ending 31 December 2024, payable quarterly in arrears.	All Directors
<u>Ordinary Resolution 8</u> Renewal of the Share Purchase Mandate	1. Mr Zhai Lingyun 2. Ms Chen Xiaoling 3. China Stem Cells (East) Company Limited 4. Nanjing Xinjiekou Department Store Co., Ltd
<u>Ordinary Resolution 9</u> Removal of Dr Ho Choon Hou as Director of the Company	Dr Ho Choon Hou
<u>Ordinary Resolution 10</u> Removal of Mr Yeo Hwee Tiong as Director of the Company	Mr Yeo Hwee Tiong
<u>Ordinary Resolution 11</u> Removal of Mr Cheong Tuck Yan Titus Jim as Director of the Company	Mr Cheong Tuck Yan Titus Jim
<u>Ordinary Resolution 12</u> Removal of Mr Joseph Wong Wai Leung as Director of the Company	Mr Joseph Wong Wai Leung
<u>Ordinary Resolution 18</u> Removal of Mr Zhai Lingyun as a Director of the Company	Mr Zhai Lingyun

3. **In the event that all resolutions at the AGM are passed and it is subsequently uncovered that there are falsehoods in the representation statements, (a) would such resolutions still be valid, and (b) will the Company take any legal action against the persons who provided the representation statements?**

Company's Response:

As disclosed in paragraphs 4.4 and 3.3 of the Company's circular to shareholders dated 29 April 2024 (the "**Circular**") respectively, the Company had received the following written representations from the following Directors pursuant to Section 152(3) of the Companies Act:

- (a) On 4 April 2024, written representations (the "**First Representation Letter**") by Mr Zhai Lingyun (being the Director who is the subject matter of Ordinary Resolution 18 set out in the Notice of AGM) in relation to the matters set out in the TG Requisition Notice, and
- (b) On 12 April 2024, written representations (the "**Second Representation Letter**" and together with the First Representation Letter, the "**Representation Letters**") by Dr Ho Choon Hou, Mr Yeo Hwee Tiong, and Mr Cheong Tuck Yan Titus Jim (being the Directors who are the subject matter of Ordinary Resolutions 9 to 11 set out in the Notice of AGM) in relation to the matters set out in the NJXJK Requisition Notice.

The First Representation Letter was prepared and provided to the Company by Mr Zhai Lingyun, and the Second Representation Letter was prepared and provided to the Company by Dr Ho Choon Hou, Mr Yeo Hwee Tiong and Mr Cheong Tuck Yan Titus Jim, in each case pursuant to their right to make representations under Section 152(3) of the Companies Act.

Section 152(3) provides that where special notice has been given pursuant to Section 152(2) to remove a director of the Company, the Company must, unless the representations are received by it too late to do so (i) in any notice of the resolution given to members of the Company state the fact of the representations having been made; and (ii) send a copy of the representations to every member of the Company to whom notice of the meeting is sent, whether before or after receipt of the representations by the Company, and if a copy of the representations is not so sent because they were received too late or because of the Company's default the director may, without affecting the director's right to be heard orally, require that the representations must be read out at the meeting. Accordingly, the Company has released the written representations as required under Section 152 of the Companies Act.

Further, as stated in the Circular, the Company has not conducted an independent review or verification of the accuracy of the statements and information as contained in the Representation Letters. As at the date of this Announcement, the Company has not been alerted to any falsehoods with respect to the representations made in the Representations Letters. In the event any falsehoods in relation to the Representation Letters are subsequently uncovered, the Company will seek legal advice on the appropriate legal recourse available to the Company at the relevant time.

4. **The Circular states that the Nominating Committee did not meet or interview two (2) of the three (3) persons proposed as new Directors. The biographical and background information of these candidates were also not verified, and no photos of these three (3) candidates were attached to the Circular. In view of the above, should the Company table these three (3) resolutions, with limited information and uncertainty as to the information on these three (3) candidates? Can the Company reject the resolutions on the basis that there is incomplete information and the Company is unable to verify the biographical and background information of the three (3) candidates?**

Company's Response:

Please refer to our response to Question 1 above. Pursuant to Section 183 of the Companies Act, any shareholder of the Company representing not less than five (5) per cent of the total voting rights of all the shareholders of the Company has a statutory right to propose any resolution which may properly be moved at an AGM of the Company. In that regard, as the Requisitioning Shareholders each hold more than five (5) per cent of the total voting rights of all the shareholders of the Company, the Company must table the validly proposed resolutions by the Requisitioning Shareholders at the upcoming AGM of the Company.

Accordingly, the Company has, pursuant to its obligations under the Companies Act, tabled the resolutions in relation to the proposed appointment of (a) Dato' Dr Teo Tong Kooi, (b) Dr Xu, Tianhong, and (c) Mr Cai, Yong as directors of the Company, in each case effective immediately upon conclusion of the AGM, for shareholders' approval at the AGM. As stated in paragraph 3.4.3 of the Circular, if any of the proposed new Directors are appointed as Directors of the Company pursuant to this AGM, the Board and the Nominating Committee (excluding Ms Chen Xiaoling and Mr Zhai Lingyun) are of the view that he should not be regarded as "independent" until a proper and holistic assessment of his independence has been undertaken by the Nominating Committee.

5. **How many lawsuits have been lodged against the Company to date with regards to the temperature excursions found in certain cryogenic storage tanks in Singapore, and based on the Company's assessment, is there a valid case against the Company for these lawsuits? Does the financial impact of S\$9.2 million (as mentioned in Note 36 of the audited financial statements for the financial year ended 31 December 2023 (the "FY2023 AFS")) include the impact from the potential lawsuits and/or class action from clients, and if not, what is the potential additional exposure?**

Company's Response:

The Company announced on 2 May 2024 it had just received its first letter of demand from the legal representatives of an affected client (the "Letter of Demand"). The Company also updated shareholders that in February 2024 a notice of a claim was lodged against the Company in the Small Claims Tribunals from another affected client (the "SCT Claim"). The Company has sought legal advice on the Letter of Demand and does not agree with the client's contention that the Company is precluded from relying on various clauses of the client's contract. The Company's legal advisors have advised that there are grounds to challenge the claim and allegations made in the Letter of Demand. Accordingly, the Company intends to defend the claim. The proceedings in the Small Claims Tribunals are still ongoing.

Although the Company has sought legal advice on the ongoing claims and allegations, the Company wishes to address the issues amicably and hopes that the affected clients will work together with the Company to achieve resolution on such issues.

With reference to Note 36 of the FY2023 AFS, the refund and waiver of annual fees for all affected active clients in the High-Risk Tanks would result in a decrease in revenue and profit before tax of approximately S\$9.2 million for the financial year ending 31 December 2024 ("**FY2024**"). This does not include the financial impact of any potential lawsuit and/or class action from clients who refused to accept the refund or waiver. At this juncture, the Company is unable to determine the exact financial impact of the claim in the Letter of Demand. However, should the Company be ultimately required to settle the claim in the Letter of Demand, the SCT Claim and/or claims made by multiple clients, this will likely result in a negative impact on the financial position of the Group for FY2024.

The Company is aware that, in recent weeks, a significant number of clients have approached legal representatives to explore possible legal recourse, including the initiation of a class action lawsuit. However, apart from the Letter of Demand, the Company has not received any other formal claims and is not in a position to comment on the potential financial implications, if any, at this time.

- 6. With reference to the Company's announcement dated 8 April 2024, please provide details of the offer that has been made to clients whose cord blood units ("**CBUs**") are in the Low-Risk and High-Risk Tanks. In addition, please provide further information on the number of clients in each group and the expected financial impact should all the clients accept the offer. Please also provide details on whether any clients whose CBUs are not in Tank A, the Low-Risk Tanks or the High-Risk Tanks have asked to terminate their contracts or transfer their CBUs to other cord blood banks since the incident.**

Company's Response:

As announced by the Company on 8 April 2024, the five Low-Risk Tanks house approximately 13,700 CBUs for active clients. The Company has completed the initial round of testing to ascertain the risk of the temperature excursion affecting the CBUs and all of the tested CBUs from the Low-Risk Tanks have shown cell viability and potency. Following this, the Company will be sending over 200 samples, a statistically meaningful number of CBUs from the Low-Risk Tanks, for testing to provide more assurance in the testing results. During this process, the Company will pause any applicable billings for the Low-Risk Tanks until the results of the additional testing are released, with each tank being assessed individually.

For the High-Risk Tanks that have been deemed by MOH's expert panel to be at high risk of being adversely affected by the temperature excursions, they contain approximately 5,300 CBUs from active clients, which are deemed impacted. The Company will be offering a refund of annual fees received from the start of the temperature excursion and waiving subsequent fees for all active clients whose CBUs are stored in the High-Risk Tanks, as well as continuing to store CBUs for these clients until the maturity of their service agreements when their child turns 21. At the same time, the Company will also honour its commitment to find a suitable CBU if, in the opinion of the transplant physician, it is subsequently determined that their child's CBU cannot be successfully used solely because it does not meet the viability criteria when an

approved cord blood transplant is required. The Company has estimated that the refund and waiver of annual fees for all affected active clients from the High-Risk Tanks would result in a decrease in revenue and profit before tax of approximately S\$9.2 million, which will have an adverse impact on the financial statements of the Group for FY2024 if all the clients were to accept the Company's offer.

The Company has remained in communication with the clients whose CBUs are not stored in Tank A, the High-Risk Tanks or the Low-Risk Tanks. The CBUs of this group of clients comprises approximately 50,000 CBUs of all active clients. The Company has been keeping them informed about the rectification measures that the Company is undertaking, as well as addressing any concerns they may have regarding the quality of Cordlife's storage services and allaying their concerns about the status of their CBUs.

7. **With the six-month suspension of the Singapore business by Ministry of Health starting from 15 December 2023, has there been a decline in banking and diagnostics services in the other countries? Are there any plans to change the name of Cordlife in Singapore?**

Company's Response:

The Company would like to highlight that the MOH suspension and ongoing MOH investigations are isolated and limited to the Group's operations in Singapore and do not impact the operations of the subsidiaries located outside of Singapore. The entities in the other markets outside of Singapore operate independently, with their own dedicated teams, and adhere to their respective local laws and regulations. Details in relation to the revenue for the banking and diagnostics segment for the financial year ended 31 December 2023 are set out in Note 32 of the audited financial statements for FY2023 in the Annual Report. Further details on the revenue for the banking and diagnostics segment for the three (3) months ended 31 March 2024 ("**Q1FY2024**") will be provided in the Company's business update for Q1FY2024 which will be released in due course.

The Company's immediate focus is on its rectification efforts in Singapore to address the lapses identified by the MOH. Nonetheless, it is carefully assessing its next steps and will consider all suitable options to strengthen its business.

- 8(a). **Please explain why a rights issue was not offered to existing shareholders.**

Company's Response:

As announced by the Company on 17 April 2024, the allotment and issuance of up to 51,195,478 new ordinary shares in the capital of the Company under a proposed private placement (the "**Proposed Private Placement**") was proposed to be undertaken based on the general mandate to allot and issue shares pursuant to Section 161 of the Companies Act, which was approved by shareholders at the annual general meeting of the Company for the financial year ended 31 December 2022 held on 28 April 2023.

The Company made the decision to undertake a private placement rather than a rights issue for the following reasons:

(i) Time

The timeline for a private placement is typically much shorter than that of a rights issue.

A rights issue may involve a book closure date, a nil-paid rights trading period, as well as a period for interested shareholders to subscribe to the rights shares (in addition to the standard additional listing application procedures) before the entire fund-raising process is completed. These are not required in the case of a private placement. Given the Company's urgent cash needs, the Company's management, as well as the majority of the Board, were of the opinion that it would be more prudent to secure funding as soon as possible by way of a private placement rather than via a rights issue. Further, a private placement would provide more certainty than a rights issue as the identities of the investors, number of shares allotted, and amount of funds raised are predetermined at the point when the placement agreement is signed, as opposed to a rights issue, which is dependent on the number of existing shareholders choosing to exercise their rights. Such certainty is advantageous to the Company's management in terms of budgeting and the preparation of financial forecasts.

(ii) Cost

As the investors had reached out directly to the Company, no intermediary fees or financial advisory fees were incurred. The only preliminary costs associated with the placement at the time of signing were the legal fees, which amounted to approximately S\$50,000, payable to the solicitors advising on the placement exercise.

This is in contrast with a rights issue where additional legal fees would have been incurred in relation to the preparation of an offer information statement and underwriting agreements, which are not required in the case of a private placement. Unlike a placement, substantial shareholders would have been approached to consider underwriting for the rights and any excess from the rights if any of the shareholders do not subscribe for such rights in a rights issue. As the Company considered that the Proposed Private Placement would have addressed the immediate needs of the Company, none of the existing substantial shareholders were approached for the Proposed Private Placement.

8(b). Given that the Group has S\$18.4 million of cash and cash equivalents, S\$49.4 million of unpledged fixed deposits and S\$8.9 million of pledged fixed deposits as at 31 December 2023, why did the Company consider the private placement?

Company's Response:

More than half of the Group's cash and cash equivalents and fixed deposits are situated in India and Malaysia. As most of the cash collected in these two countries relates to advance payments collected from clients based in those countries, the Company considered that it was prudent for the Group to not exhaust the cash in the respective jurisdictions, in order to maintain its ongoing obligations to these clients as well as to ensure sufficient working capital for their ongoing operations. In addition, the repatriation of funds back to Singapore is subject to regulations in the respective jurisdictions.

Despite the current suspension of the Company's operations in Singapore by MOH, the Company continues to incur fixed running costs in Singapore, and is therefore not expected to generate positive cash flow until the suspension is lifted. Given this, the Company is not inclined to compromise the Group's operations in other regions by diverting cash solely to address immediate needs in Singapore. As at 31 December 2023, the Company has cash and cash equivalents of S\$7.1 million and fixed deposits of S\$6.1 million.

8(c). Please elaborate more on the use of proceeds.

Company's Response:

The capital raised by the Proposed Private Placement will be used in part to fund the Company's working capital, which includes ongoing fixed running costs incurred in the Singapore operations, as well as to support the rebuilding of the Singapore brand. It will also serve as contingency reserves for the refund and waiver of annual fees for all affected active clients from High-Risk Tanks and Tank A.

8(d). Is the private placement allowed to take place before the AGM, and are the new subscribers allowed to vote at the AGM?

Company's Response:

At the current juncture, it is unlikely that the Proposed Private Placement will be completed prior to AGM, so this issue will not likely arise for consideration. Nonetheless, the Company notes that even if the Proposed Private Placement were to take place before the AGM, there are no restrictions requiring the subscribers to abstain from voting on any of the resolutions tabled in the Notice of AGM that was announced on 29 April 2024.

8(e). Please disclose whether any of the Directors or their associates have any interests in the private placement.

Company's Response:

As disclosed in the announcement of 17 April 2024, none of the Directors or their associates have any interest, direct or indirect, in the Proposed Private Placement other than in their capacity as Director or shareholder of the Company. This statement remains unchanged as at the date of this announcement.

9. With reference to the Company's announcement made on 17 April 2024 in relation to the lodgement of a police report against the former employees, please provide the reasons for them leaving the Company.

Company's Response:

The resignation of the former employees is an internal personnel matter that the Company is not at liberty to provide further details on. As a police report has been filed, it would not be appropriate for the Company to comment beyond what has already been disclosed in the Company's announcement dated 17 April 2024.