

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

**DISCLAIMER OF OPINION AND EMPHASIS OF MATTER
BY THE INDEPENDENT AUDITORS ON
THE AUDITED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2024**

Pursuant to Rule 704(5) of the Listing Manual of the Singapore Exchange Securities Trading Limited, the board of directors of Cordlife Group Limited (the "**Company**", and together with its subsidiaries, the "**Group**") wishes to announce that the Company's independent auditors, PKF-CAP LLP, have issued a disclaimer of opinion (the "**Disclaimer of Opinion**") and emphasis of matter (the "**Emphasis of Matter**") in their independent auditor's report dated 22 May 2025 (the "**Independent Auditor's Report**") in relation to the consolidated financial statements of the Group for the financial year ended 31 December 2024 ("**FY2024**") (the "**Audited Financial Statements**"). The basis of the Disclaimer of Opinion and the Emphasis of Matter is contained in the Independent Auditor's Report. A copy of the Independent Auditor's Report and an extract of Note 2.1 and 34 to the Audited Financial Statements are appended to this announcement.

The Company will keep update its shareholders and the investing public if there are any material developments in relation to the above, in accordance with the requirements of the listing rules of the SGX-ST.

In the meantime, shareholders of the Company and potential investors are advised to read the Independent Auditor's Report and the Audited Financial Statements that will form part of the annual report of the Company for FY2024 (which will be released separately on SGXNET in due course) in their entirety and should exercise caution when dealing in the shares of the Company. They should consult their stockbrokers, bank managers, solicitors, or other professional advisers if they have any doubt about the actions they should take.

By order of the Board
CORDLIFE GROUP LIMITED

Cheok Hui Yee
Goh Xun Er
Company Secretaries
22 May 2025

Independent auditor's report

Members of the Company
Cordlife Group Limited

Report on the audit of the financial statements

Disclaimer of Opinion

We were engaged to audit the financial statements of Cordlife Group Limited (the “Company”) and its subsidiaries (the “Group”), which comprise the consolidated statement of financial position of the Group and the statement of financial position of the Company as at 31 December 2024, the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows of the Group and the statement of changes in equity of the Company for the year then ended, and notes to the financial statements, including material accounting policy information, as set out on pages FS1 to FS91.

We do not express an opinion on the accompanying consolidated financial statements. Because of the significance of the matters described in the *Basis for Disclaimer of Opinion* section of our report, we have not been able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion on these financial statements.

Basis for Disclaimer of Opinion

We have not been able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion in respect of the following areas:

1 Opening balances

The independent auditor’s report on the consolidated financial statements of the Group, the statement of financial position and the statement of changes in equity of the Company for the financial year ended 31 December 2023 expressed a disclaimer of opinion. The extract of the basis for disclaimer of opinion is disclosed in Note 36 to the financial statements.

In view of the matters described in the *Basis for Disclaimer of Opinion* on the financial statements for the financial year ended 31 December 2023, we are unable to determine whether the opening balances as at 1 January 2024 are fairly stated. Since the opening balances as at 1 January 2024 enter into the determination of the consolidated financial performance, consolidated changes in equity and consolidated cash flows of the Group for the financial year ended 31 December 2024, we are unable to determine whether any adjustments might have been found necessary in respect of the consolidated financial performance, consolidated changes in equity and consolidated cash flows of the Group for the financial year ended 31 December 2024.

Our opinion on the current financial year's consolidated financial statements of the Group is also modified because of the possible effects of the above-mentioned matters on the comparability of the current year's figures and the corresponding figures.

2 Going concern basis of preparation

In preparation of the financial statements, the Board of Directors of the Company believes that the use of the going concern assumption is appropriate after taking into consideration the factors as disclosed in Note 2.1 to the financial statements.

We refer to Note 2.1 where management has set out the key inputs and assumptions used in applying the going concern basis of preparation. On 14 January 2025, the Company's cord blood banking and human tissue banking licences were renewed for a period of one year, and the Company resumed full operations in Singapore. The Company announced on 2 April 2025 that it had received the full results from the Additional Low-Risk Tanks Test ("Additional Low-Risk Tanks Test Results") and was, together with its professional advisers and specialists, in the process of performing a technical analysis on the Additional Low-Risk Tanks Test Results. As at the date of this auditor's report, the technical analysis has been completed, and the findings are undergoing a comprehensive and independent review, to ensure greater accuracy and reliability of the Company's analysis. The process is expected to be completed in or around the later part of 2025. Since the outcome of the Additional Low-Risk Tanks Test Results has yet to be finalised, there are no alternative audit procedures that can be performed. We are therefore unable to obtain sufficient appropriate audit evidence as to certain key inputs and assumptions used in applying the going concern basis of preparation. In particular, these key inputs and assumptions include the timing and amount of the financial effects of refunds and claims by the potentially affected customers following the conclusion of the outcome of the review of the Additional Low-Risk Tanks Test Results and the timing and amount of the financial effects arising from possible fines and/or penalties following the conclusion of the investigation by MOH.

Certain subsidiaries of the Group require financial support from the Company. As mentioned above, we are unable to obtain sufficient audit evidence as to certain key inputs and assumptions used in applying the going concern basis of preparation. We are therefore unable to ascertain if the Company has the ability to provide the continual financial support as required by the subsidiaries.

3 Refunds and claims

We refer to Note 2.1, where the Company updated on 2 April 2025 that it had received the Additional Low-Risk Tanks Test Results and was, together with its professional advisers and specialists, in the process of performing a technical analysis on such results. As at the date of this auditor's report, the technical analysis has been completed and the findings are undergoing a comprehensive and independent review, to ensure greater accuracy and reliability of the Company's analysis. The process is expected to be completed in or around the later part of 2025. We have not been able to obtain sufficient appropriate audit evidence as to the number of potentially affected customers whose cord blood has been confirmed to be damaged as the outcome of the review of the Additional Low-Risk Tanks Test Results has yet to be finalised as at the date of this auditor's report. Therefore we are unable to quantify any adjustments that may need to be recorded in the Group and the Company's financial statements arising from any refunds and/or claims, both constructive and contingent as at 31 December 2024.

4 Valuation of trade receivables and contract assets

As at 31 December 2024, the Group's trade receivables and contract assets totalled \$25,162,000 (2023: \$22,672,000) and \$58,421,000 (2023: \$62,556,000) which accounted for 38.49% (2023: 37.31%) of the Group's total assets. During the financial year ended 31 December 2024, the Group has recognised impairment loss on trade receivables and contract assets amounted to \$1,373,000 (2023: \$294,000).

As disclosed in Note 2.1 to the financial statements, the Additional Low-Risk Tanks Test Results are currently undergoing a comprehensive and independent review. The outcome of this review may impact the recoverability of the trade receivables and contract assets. As the outcome of the review has yet to be finalised as at 31 December 2024, we are unable to obtain sufficient appropriate audit evidence to assess the adequacy of the expected credit loss allowance recognised by management. Consequently, we are unable to determine whether any adjustments to these trade receivables and contract assets, and the corresponding expected credit loss allowance, are necessary. Due to the significance of this matter, we have not been able to obtain sufficient appropriate audit evidence over the reasonableness of the management's recoverability assessment.

Emphasis of Matters

We draw attention to Note 34(a) to the financial statements which discloses that there are Tank A and High-Risk Tanks' customers who have not accepted the refund offered by the Company. As such, they may potentially still bring claims against the Company arising from its non-compliance with the Healthcare Services (General) Regulations and the Healthcare Services (Cord Blood Banking Services) Regulations.

We also draw attention to Note 34(b) to the financial statements which indicates that the Company had been notified by the Ministry of Health ("MOH") on 22 January 2024 that a list of the potential areas of non-compliance with the Healthcare Services (General) Regulations and the Healthcare Services (Cord Blood Banking Services) Regulations had been identified. On 14 January 2025, the Company was issued updated Licences, allowing it to resume full operations in Singapore for a period of one year. At this stage, MOH has not notified the Company of any fines and/or penalties and/or whether any further action regarding the identified non-compliances will be taken.

We also draw attention to Note 34(c) to the financial statements which indicates that several of its directors, former directors, the Chief Financial Officer and the Group Executive Director, were arrested by the Commercial Affairs Department ("CAD") and are currently under investigation in relation to a potential offence under the Securities and Futures Act 2001. The Company was informed that the offence relates to potential breaches of its disclosure obligations concerning the irregular temperatures of a certain cryogenic storage tank.

Our opinion is not modified in respect of the above matters.

Responsibilities of management and directors for the financial statements

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with the provisions of the Companies Act 1967 ("the Act") and Singapore Financial Reporting Standards (International) ("SFRS(I)s"), and for devising and maintaining a system of internal accounting controls sufficient to provide a reasonable assurance that assets are safeguarded against loss from unauthorised use or disposition; and transactions are properly authorised and that they are recorded as necessary to permit the preparation of true and fair financial statements and to maintain accountability of assets.

In preparing the financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

The directors' responsibilities include overseeing the Group's financial reporting process.

Auditor's responsibilities for the audit of the financial statements

Our responsibility is to conduct an audit of the financial statements in accordance with Singapore Standards on Auditing and to issue an auditor's report. However, because of the matters described in the *Basis for disclaimer of opinion* section of our report, we were not able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion on these financial statements.

We are independent of the Group in accordance with the *Accounting and Corporate Regulatory Authority Code of Professional Conduct and Ethics for Public Accountants and Accounting Entities* ("ACRA Code") together with the ethical requirements that are relevant to our audit of the financial statements in Singapore, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ACRA Code.

Report on other legal and regulatory requirements

In our opinion, in view of the significance of the matters referred to in the *Basis for disclaimer of opinion* section of our report, we do not express an opinion on whether the accounting and other records required by the Act to be kept by the Company and by those subsidiary corporations incorporated in Singapore of which we are the auditor have been properly kept in accordance with the provisions of the Act.

The engagement partner on the audit resulting in this independent auditor's report is Lee Eng Kian.

PKF-CAP LLP

*Public Accountants and
Chartered Accountants*

Singapore

22 May 2025

2 Basis of preparation

2.1 Going concern basis of accounting

The consolidated financial statements have been prepared on a going concern basis, which assumes that the Group will be able to meet its obligations as and when they fall due within the next twelve months.

On 30 November 2023, the Company received a notice from Ministry of Health ("MOH") that pursuant to an inspection carried out by MOH and its findings. MOH proposed to modify the conditions of the Company's licences to suspend for a period up to six months, the collection, testing, processing and/or storage of any new cord blood and human tissues, or provision for any new types of tests to customers in Singapore (the "Notice"). As stated in the Notice, the Company had 14 days to make representations to MOH in relation to the contents of the Notice. On 13 December 2023, the Company announced that it will not be submitting written representations to MOH. On 15 December 2023, the Company received a letter from MOH stating that MOH had considered the Company's response to the Notice, and had decided to direct the Company to give effect to the contents of the Notice to stop for a period up to six months, the collection, testing, processing and/or storage of any new cord blood and human tissues, or the provision of any new types of tests to patients, with effect on and from 15 December 2023 (the "Suspension"). The Suspension was in connection with MOH's findings that certain cryogenic storage tanks based in Singapore (the "Tanks") had been exposed to temperatures outside of their normal temperature range, and to allow for further investigations.

From the end of December 2023, the Company sent donated cord blood samples from the Tanks to a third-party laboratory in Singapore licensed by MOH for testing in batches. On 30 November 2023, MOH's expert panel also determined that the cord blood units ("CBUs") in the seventh cryogenic storage tank ("Tank A" as referred to in the Notice) were unlikely to be suitable for stem cell transplant purposes. To support the affected customers, the Company offered to refund annual fees received from the start of the temperature excursion and waive subsequent fees ("Refund/Waiver") for all active customers whose CBUs are stored in this affected tank, as well as continuing to store CBUs for these customers until their child turns 21.

On 8 April 2024, the Company announced that after the initial round of testing on the donated CBUs from the six cryogenic storage tanks and one dry shipper (the "Testing Update Announcement"), five of the cryogenic storage tanks were assessed to be at low risk of being adversely affected by temperature excursions (the "Low-Risk Tanks") and all the CBUs from the Low-Risk Tanks that were tested showed cell viability and potency. As the last round of testing was a high-level preliminary impact assessment to ascertain the risk of the temperature excursions affecting the CBUs, the Company announced it would be sending over 200 samples, a statistically meaningful number of CBUs from the five Low-Risk Tanks, for testing to provide more assurance of the testing results ("Additional Testing of Low-Risk Tanks").

The remaining one cryogenic storage tank ("Tank 6") and the dry shipper were deemed by MOH's expert panel to be at high risk of being adversely affected by the temperature excursions (the "High-Risk Tanks"). Based on the test results, as the Company could not be certain of the viability and potency of every CBU stored in the High-Risk Tanks, the CBUs were deemed to be at high risk of being adversely affected by temperature excursions.

As the CBUs in the High Risk Tanks were deemed impacted, the Company offered a refund of the annual fees received from the start of the temperature excursion and to waive subsequent fees for all active customers whose CBUs are stored in the High-Risk Tanks. The Company also offered to continue storing CBUs for these customers until their child turns 21 (the "Refund/Waiver for High-Risk Tanks").

On 29 August 2024, the Company received a letter from the MOH, notifying that it may resume its cord blood banking service operations in a controlled manner, subject to the proposed modifications to the conditions of the Company's cord blood banking service licence that the Company shall not collect, test, process and/or store more than 30 units per month of new cord blood from infant donors (including through any person appointed to provide the aforementioned services on behalf of the Company) from 15 September 2024 to 13 January 2025 (both dates inclusive), unless sooner approved by the Director-General of Health.

This followed the MOH's findings that further inspections conducted in August 2024 showed that the Company had met the essential requirements necessary to resume its cord blood banking service operations, which included the successful validation of its AXP II System for cord blood processing, the implementation of a new temperature monitoring system with acceptable temperature monitoring practices, and the streamlining of its incident tracking and escalation workflow.

On 14 January 2025, the Company's cord blood banking and human tissue banking licences were renewed for a period of one year, and the Company resumed full operations in Singapore.

On 2 April 2025, the Company announced that it had received the full results from the Additional Low-Risk Tanks Test ("Additional Low-Risk Tanks Test Results") and was, together with its professional advisers and specialists, in the process of performing a technical analysis on the Additional Low-Risk Tanks Test Results. In May 2025, the Company announced that the technical analysis on the Additional Low-Risk Tanks Test Results has been completed and the Company is undertaking a comprehensive and independent review of the results. The Company understands that the process is expected to be completed in or around the later part of 2025.

While the outcome of the comprehensive and independent review of the Additional Low-Risk Tanks Test Results has yet to be finalised, the Company believes that the use of the going concern assumption in the preparation of the financial statements for the financial year ended 31 December 2024 is appropriate, taking into account the renewal of the Company's cord blood banking and human tissue banking licences, available cash and cash equivalents and fixed deposits, net working capital forecasts based on reasonably possible circumstances, surrounding these key assumptions:

- new customer sign-ups;
- cash outflow for refunds in respect of Tank A and the High-Risk Tanks;
- the estimated receipt of payments from customers under deferred payment plans for the next twelve months; and
- the receipt of dividends from subsidiaries.

No cash outflow has been considered for the following items as they cannot be determined at present:

- the outcome of the Additional Testing of Low-Risk Tanks and any potential refunds subsequent to the release of the test results;
- claims from the Company's customers alleging the damage of cord blood units resulting from the Company's storage of the cord blood units; and
- fines and/or penalties imposed on the Company as a result of the Suspension and MOH investigation as well as any future claims from affected customers.

34 Contingent liabilities

(a) Status of Claims against the Company

The Company has received multiple claims from the Company's customers alleging the damage of cord blood units resulting from the Company's storage of the cord blood units from Tank A and the High-Risk Tanks. The Company is, in consultation with its legal advisers, actively monitoring and attending to the above-mentioned matters and will take necessary steps to engage with relevant parties at the appropriate juncture. The status of those claims remains subject to change, further determination with the relevant parties and the ongoing investigation by MOH.

(b) Investigation by Ministry of Health ("MOH")

On 22 January 2024, the Company had received a letter from the MOH providing a list of the potential areas of non-compliance with the Healthcare Services (General) Regulations and the Healthcare Services (Cord Blood Banking Services) Regulations that were identified by MOH based on its inspections conducted on 16, 17, 18, 20, 21 and 27 November and 6 December 2023. Following MOH's findings of the Potential Non-Compliances, the Company's cord blood banking and human tissue banking licences ("Licences") were modified while the Company worked to address the identified issues. On 14 January 2025, the Company was issued updated Licences, allowing it to resume full operations in Singapore for a period of one year. As at 31 December 2024, the Company has not been notified of any fines and/or penalties to be imposed on the Company arising from the potential areas of non-compliance identified by the MOH.

(c) Investigation by Commercial Affairs Department

On 19 March 2024, the Company received a notice from the Commercial Affairs Department ("CAD") and the Monetary of Authority of Singapore ("MAS") pursuant to Section 20 of the Criminal Procedure Code 2010 of Singapore, requiring the provision of certain documents and information in connection with investigations by the CAD into an offence under the Securities and Futures Act 2001 of Singapore (the "Investigations"). Subsequently, several Directors and Group Chief Financial Officer were arrested in connection with the investigations and released on bail. The Company was informed that the offence was in connection with potential breaches of the disclosure obligations of the Company in relation to the irregular temperatures of a certain cryogenic storage tank of the Company, which was first disclosed by the Company in its announcement dated 30 November 2023.

As the CAD's investigation is still ongoing as at 31 December 2024 and as at the date of this report, the CAD had not imposed any further directives and/or penalties on the Company in relation to the Investigations.

(d) Additional Testing of Low-Risk Tanks

On 8 April 2024, the Company announced it would be sending over 200 samples, a statistically meaningful number of Cord Blood Units from the five Low-Risk Tanks, for testing by a third-party laboratory to provide more assurance in the testing results (“Additional Testing of Low-Risk Tanks”).

On 2 April 2025, the Company announced that it was, together with its professional advisers and specialists, in the process of performing a technical analysis on the Additional Low-Risk Tanks Test Results. In May 2025, the Company announced that the technical analysis on the Additional Low-Risk Tanks Test Results has been completed and the Company is undertaking a comprehensive and independent review of the results. The Company understands that the process is expected to be completed in or around the later part of 2025.

Due to uncertainties in the outcome of the claims against the Company, investigations by MOH and CAD and the Additional Testing of Low-Risk Tanks, the Company is at present unable to assess the financial impact arising therefrom.