

RESPONSE TO QUERIES FROM SGX REGCO

The Board of Directors ("**Board**") of Cordlife Group Limited (the "**Company**" and together with its subsidiaries, the "**Group**") refers to the queries raised by the Singapore Exchange Regulation Pte. Ltd. ("**SGX RegCo**") on 9 June 2025, in relation to its annual report for the financial year ended 31 December 2024 ("**FY2024 AR**"), and set out its responses below.

Unless defined, all capitalised terms used and not defined in this announcement shall have the same meanings as defined in the FY2024 AR.

This announcement is qualified in its entirety by, and should be viewed in conjunction with, the full text of the FY2024 AR.

SGX RegCo Query 1. We refer to Cordlife Group Limited's FY2024 AR. In the corporate governance report on page 39 of the FY2024 AR, it was disclosed that a Group Internal Audit Director ("**GIAD**") was appointed in October 2024, and Baker Tilly TFW Pte. Ltd. ("**BT**") (FY23: Ernst & Young Advisory Pte. Ltd. ("**EY**")) was the internal auditor of the Group for FY2024.

- (a) Please provide the GIAD's relevant experience and qualifications in relation to internal audit and whether he/she is a member of Singapore's Institute of Internal Auditors.**

Company's Response

The GIAD had over 13 years' work experience in multinational conglomerates before joining the Company. The GIAD held global and regional roles for managing and supervising the finance functions of country subsidiaries in Canada, the United States of America, Netherlands, South Korea and Hong Kong, where the country subsidiaries operate in diverse regulatory and operational environments. In his previous roles, the GIAD evaluated and strengthened group-wide internal control systems, with a direct reporting line to the parent companies.

The GIAD obtained a Master's Degree in Economics from Dongbei University of Finance and Economics in China in 2007. He is also a Chartered Financial Analyst (CFA) charterholder and a member of the CFA Society Singapore.

The GIAD currently is not a member of Singapore's Institute of Internal Auditors, but he plans to apply and become a member of Singapore's Institute of Internal Auditors.

- (b) When did BT replace EY as the internal auditor of the Group and why did the Audit and Risk Committee ("**ARC**") decide to change internal auditors?**

Company's Response

In June 2024, the Company was informed by EY that EY will not be accepting any new engagements as the internal auditor ("**IA**") of the Group. EY had explained that it was unable to do so following its internal client risk assessment, considering the various incidents and matters concerning the Group.

The Board, on the recommendations of the Audit and Risk Committee, having considered the suitability, adequacy of resources and experience of BT, engaged BT as IA in September 2024.

(c) Please provide the relevant experience and size of the BT engagement team that performs the internal audit of the Group.

Company's Response

BT is the outsourced internal auditor for more than 35 issuers listed in Singapore and Hong Kong.

The size of the BT engagement team that performs the internal audit of the Group is five (5), comprising an engagement partner, an engagement senior manager, a lead consultant and two (2) consultants, and their respective experience and profiles are as set out below:

- (i) The engagement partner has more than 20 years of auditing and advisory experience including 4 years of professional experience with Big 4 public accounting firms. Prior to joining BT, he set up and headed an internal audit department of a NYSE listed company in the People's Republic of China (PRC). He is also experienced in Business Process Reviews ("BPR"), Enterprise Risk Management ("ERM") and Sarbanes Oxley Act ("SOX") Compliance Advisory. He currently serves on the Board of Trustees of Conservation International Singapore, a non-profit organisation.
- (ii) The engagement senior manager has more than eight (8) years of auditing and advisory experience. He possesses experience in the audit of listed companies, multi-national companies in the Asia-Pacific Region across industries including financial services (asset management), property development, oil and gas services, agriculture, security printing, manufacturing, trading/distribution and the non-profit sector. He is also experienced in Sustainability Reporting Advisory, Business Process Advisory, ERM and Investigative Reviews.
- (iii) The lead consultant has more than three (3) years of internal audit and risk advisory experience. The clients that she has worked on include multi-national companies in the Asia-Pacific region across industries such as manufacturing, financial institutions, property and gaming. She's familiar with executing internal control assessments in accordance with the COSO internal control framework and International Professional Practices Framework. She has performed risk assessment engagements and assisted companies with their Initial Public Offerings. Her most recent engagement involved an internal audit review of one of Singapore's largest networks of clinics and medical centres in Singapore.
- (iv) One of the two consultants has more than four (4) years of professional experience including three (3) years of legal, regulatory, and compliance experience. She's familiar with executing internal control assessments in accordance with the COSO internal control framework and International Professional Practices Framework. She has performed risk assessment engagements and assisted companies with their Initial Public Offerings. Her most recent engagement involved an internal audit review of one of a Hong Kong listed issuer in the food and beverage business.
- (v) The other consultant has more than two (2) years of internal audit and risk advisory experience. He is experienced in enterprise risk management, personal data protection, data breach response and business continuity management. He has advised companies in various industries, including plantation, construction, oil & gas, logistics, healthcare and not-for-profit sector. His most recent engagement involved an internal audit review of one of a Singapore listed company's pharmaceutical operations in Singapore and Australia.

(d) What is the scope and responsibilities of the GIAD and BT in terms of the internal audit of the Group?

Company's Response

The Company has engaged and continues to engage external firms (such as EY and BT) to carry out the IA functions, focusing on providing independent assurance on the Group's governance, risk management and control processes, and reviewing business divisions and jurisdictions on a rotational basis.

Considering the complexity of the Group's operations and businesses spanning more than six (6) countries, especially after the temperature excursion incident, the Board decided to enhance the IA function by establishing and organising a dedicated in-house IA department, which can provide depth, greater continuity and responsiveness of the IA function, especially on a subsidiary level, compared to a cyclical audit approach.

The GIAD, equipped with institutional knowledge and familiarity with risk management across various jurisdictions (as elaborated further in the Company's response to query 1(a)), now works with, and complements the scope of responsibilities of, the external IA firm. He assists with the identification and assessment of risks on a group level and also monitor and manages risk mitigation efforts. The GIAD also works with the external IA to develop its annual internal audit plans such that they can conduct more targeted reviews on high-risk areas.

SGX RegCo Query 2. The Company's independent auditor issued a disclaimer of opinion over the FY24 AR as they were unable to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion in respect of, amongst other things, the Company's use of the going concern assumption in its preparation of its financial statements. We draw the Company's attention to Listing Rule 1303(3) which states that, "The Exchange may at any time suspend trading of the listed securities of an issuer... where the issuer is unable to continue as a going concern or unable to demonstrate to the Exchange and its shareholders that it is able to do so." In this regard, we note the Company's explanation as well as its decision to prepare the financial statements on a going concern basis. In arriving at this decision, the Company assumed, amongst others, no cash outflow in relation to the Additional Low-Risk Tanks. Please provide the Board's confirmation that all material information has been fully disclosed by the Company to enable trading to continue on an informed basis.

Company's Response

As stated in Note 2.1 to the Audited Financial Statements of the Group for the financial year ended 31 December 2024 ("**AFS**"), the outcome of the comprehensive and independent review of the Additional Low-Risk Tanks Test Results has yet to be finalised and the Board also took into account the renewal of the Company's cord blood banking and human tissue banking licenses, available cash and cash equivalent and fixed deposits, net working capital forecasts based on reasonably possible circumstances subject to assumptions set out in the AFS. Shareholders are reminded to read the Company's response in conjunction with the AFS in its entirety.

Accordingly, the Board, with the assurance of the Management, confirms that all material information has been fully disclosed by the Company to enable trading to continue on an informed basis. The Company will continue to assess and monitor closely the circumstances of the Group and will provide updates on any material development(s) in accordance with the listing rules of the Singapore Exchange Securities Trading Limited.

SGX RegCo Query 3. In the financial statements, it was noted that the Group's trade receivables increased by 11% to \$25.2m (FY23: \$22.7m) despite a 50% decrease in revenue to \$27.6m (FY23: \$55.7m). Please provide a breakdown of the nature and aging of trade receivables to explain why there was an increase in the balance despite a significant decrease in revenue in the corresponding period.

Company's response

The decrease in revenue and increase in trade receivables was primarily contributed by the Singapore's operations.

The Company's cord blood banking operations were suspended with effect from 15 December 2023. The suspension remained in place for the first three quarters of FY2024, with approval from the Ministry of Health to resume operations in a controlled manner only from 15 September 2024.

The decline in revenue is mainly due to this suspension, which affected the majority of FY2024, compared to only the last few days of FY2023. In addition, there was a revenue reversal of approximately S\$10.6 million in FY2024 in relation to refund/waiver for the affected clients for High-Risk Tanks.

The increase in trade receivables is mainly attributed to the Company having temporarily halted debt recovery calls to customer with outstanding balances during the suspension period. As a result, there was an increase in the trade receivables beyond their credit terms in FY2024.

<u>Group</u>	2024 S\$'000	2023 S\$'000	Increase S\$'000
Current (not past due)	5,301	6,710	
1-30 days past due	1,605	2,161	
31-60 days past due	935	1,194	
61-90 days past due	838	716	
More than 90 days past due	16,483	11,891	
	<u>25,162</u>	<u>22,672</u>	2,490

<u>Company</u>			
Current (not past due)	1,076	2,300	
1-30 days past due	401	1,452	
31-60 days past due	327	810	
61-90 days past due	397	407	
More than 90 days past due	8,986	5,246	
	<u>11,187</u>	<u>10,215</u>	972

By order of the Board

CORDLIFE GROUP LIMITED

Cheok Hui Yee
Goh Xun Er
Company Secretaries

11 June 2025