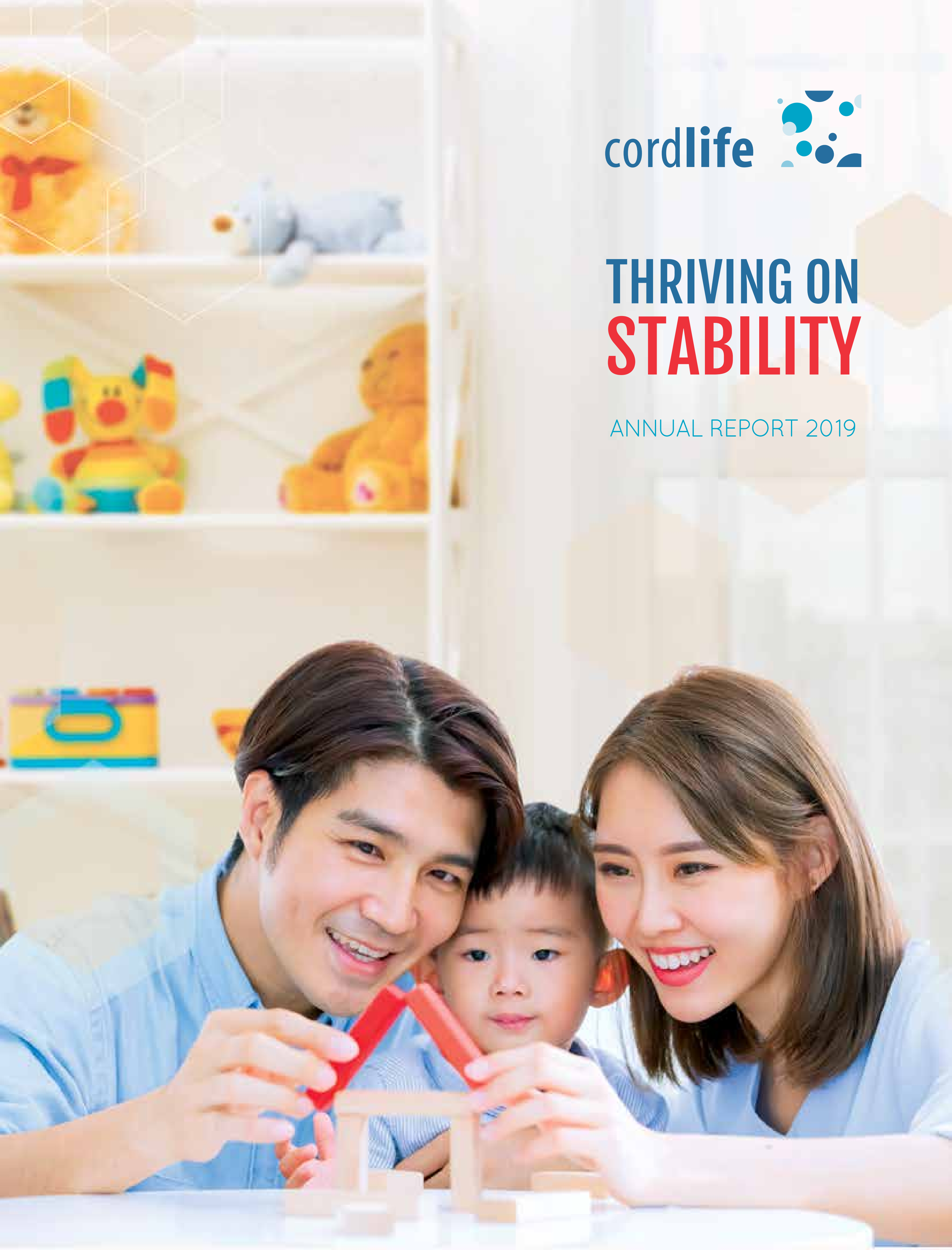
cordlife

THRIVING ON STABILITY

ANNUAL REPORT 2019



OUR VISION

We help people live healthier, happier and longer.

OUR MISSION

We provide reliable healthcare solutions through innovation, technological advancement and commitment to quality.

OUR VALUES

- Accountability
- Drive for Excellence
- Integrity
- Initiative
- Teamwork

ACCREDITATIONS, CERTIFICATIONS & LICENCES

Cordlife Singapore – AABB, FACT, MOH, GDPMD

Cordlife Hong Kong – AABB, CAP

Healthbaby Hong Kong – AABB, FACT, CAP

Cordlife India – AABB, CAP, DCGI

Cordlife Philippines – AABB, DOH, ISO9001:2008

Cordlife Indonesia – AABB, MOH (KEMENKES), ISO9001:2008

Stemlife Malaysia – AABB, MOH, ISO15189

CONTENTS

OUR COMPANY

Founded in Singapore
2001

7 facilities
in 6 countries

Trusted by
>500,000 parents
in Asia

All facilities are
AABB accredited

cordlife
10 countries
with Cordlife's presence & still growing

Singapore Exchange
Mainboard listed company

2 facilities are
FACT accredited

3 facilities are
CAP accredited

OUR COMPANY

> **Quality and customer focus are amongst some of the cornerstones of Cordlife. All of the Group's facilities are accredited by AABB, the organisation behind the world's gold standard for cord blood banking.**

Established in May 2001, Cordlife Group Limited ("Cordlife", together with its subsidiaries, the "Group") is a leading company dedicated to safeguarding the well-being of mother and child. The Group is listed on the Mainboard of the Singapore Exchange (SGX: P8A) in 2012 and a pioneer in private cord blood banking in Asia.

Cordlife owns the largest network of cord blood banks in Asia with full stem cell banking facilities in six key markets namely Singapore, Hong Kong, Indonesia, India, Malaysia and the Philippines. In Singapore, Indonesia, Hong Kong and the Philippines, Cordlife operates the largest private cord blood banks; and is amongst the top three market leaders in India and Malaysia.

In January 2018, Cordlife became the market leader in Hong Kong with the acquisition of the largest private cord blood bank in the country, Healthbaby Biotech (Hong Kong) Co., Limited ("Healthbaby Hong Kong"). Through its majority-owned subsidiary in Malaysia, Stemlife Berhad, Cordlife holds an indirect stake in Thailand's largest private cord blood bank, Thai Stemlife. Through its marketing agents, Cordlife also expanded its presence to Myanmar and Vietnam in 2017 as well as Bangladesh in 2019.

Beyond cord blood, cord lining and cord tissue banking, Cordlife offers a comprehensive suite of diagnostics services for the family including non-invasive prenatal testing, paediatric vision screening, newborn metabolic screening and family genetic screening services.

Quality and customer focus are amongst some of the cornerstones of Cordlife. All of the Group's facilities are accredited by AABB, the organisation behind the world's gold standard for cord blood banking. In addition, Cordlife Singapore and Healthbaby Hong Kong are also two of the four cord blood banks in Asia, and 10 in the world, to be accredited by both AABB and FACT, another world-class accreditation body for cord blood banks globally.

In the area of clinical diagnostics, Cordlife India, Cordlife Hong Kong and Healthbaby Hong Kong are accredited by the College of American Pathologists ("CAP"). This makes Healthbaby Hong Kong one of the four cord blood banks in the world to be accredited by three international standard-setting bodies. These quality achievements underpin the Group's commitment to providing reliable healthcare solutions through innovation and technological advancement.

CHAIRMAN'S MESSAGE

DEAR SHAREHOLDERS,

On behalf of the Board of Directors of Cordlife Group Limited, I am pleased to share our annual report for the financial year ended 31 December 2019 ("FY2019").

FY2019 was a challenging year due to the slowing of the global economy secondary to trade tensions. Being geographically diversified, our business was not spared from the impact of volatility in the global economic and political landscape. Competition has also intensified across our core markets, already reeling from declining birth rates.

The theme of our last annual report was "Stronger Together". Against the backdrop of tougher business conditions, we stayed resilient and our efforts have proven successful in weathering the storm and enabling our business to thrive on stability.

As the largest network of cord blood banks in Asia with full stem cell banking facilities in six key markets - Singapore, Hong Kong, Indonesia, India, Malaysia and the Philippines, we pride ourselves upon our ability to consistently provide quality healthcare and excellent service standards for our clients. To this end, our commitment to customer satisfaction and the provision of a holistic suite of services have been and will continue to be a key focal point of our successes into the future.

FINANCIAL PERFORMANCE

For FY2019, the Group's revenue has increased marginally by 0.3% to S$61.6 million from S$61.4 million for the same period ended 31 December 2018 ("12M2018").

The increase in revenue was mainly attributed to higher revenue contribution from Singapore as more clients opted for higher-priced plans as well as increased revenue contribution from diagnostic services. This was offset by lower revenue contribution from India due to higher take-up of lower-priced plans. The business remains buoyed, driven by a steady number of new samples stored.

We ended the financial year with a net profit of S$6.5 million, 331.1% higher than a net profit of S$1.5 million for 12M2018. The tremendous improvement came on the back of lower staff costs resulting from streamlined job functions and greater efficiency, decrease in foreign exchange loss and increase in finance income for the Group.

In appreciation of your support for Cordlife, we have proposed a final dividend of 1.0 Singapore cent per share, representing a dividend payout ratio of 39.2% of net profit after tax for FY2019.

STRENGTHENING CORE COMPETENCIES

Our presence in the stem cell banking business is a long-standing one. This year marks our 19th year of operations in the industry as we continuously seek to provide healthcare solutions that are holistic and value-adding to our clients.

Apart from the traditional cord blood, cord lining and cord tissue banking services, we are also well-equipped on the aspect of diagnostics – where we provide non-invasive prenatal testing ("NIPT") and family genetic testing, non-invasive newborn metabolic screening as well as paediatric vision screening for our clients and their broader families over their lifetime.

We will continue our efforts to build on our core competencies in diagnostics services as we see a growing contribution from this segment. We have been setting the groundwork and fostering a positive relationship with our partner Eone-Diagnomics Genome Center ("EDGC"), a CAP accredited genetic testing laboratory based in South Korea, to introduce more diagnostics services in our markets, on top of their NIPT services, which we are currently distributing in three countries.

> **Against the backdrop of tougher business conditions, we stayed resilient and our efforts have proven successful in weathering the storm and enabling our business to thrive on stability.**

In addition, we are in the midst of developing a mobile application under the name Moms Up, to provide health-related information and resources to help Asian women who are expecting a baby or planning to conceive as well as women with young children. Our plan is to launch Moms Up in our core markets. Moms Up will not only help to strengthen customer engagement, it can also help us build stronger brand awareness and recognition. This is our new trajectory to better serve our existing and prospective clients using technology.

EXPANDING MARKET PRESENCE

China is the single largest populous country in the world. The abolishment of the one-child policy in China poses immense opportunities for the country's nascent cord blood banking industry.

Thus, we have announced an indicative, non-binding and conditional proposal for the proposed merger with Global Cord Blood Corporation ("GCBC") on 4 June 2019 and the negotiations are currently ongoing. Essentially, this proposed merger is strategic in significantly strengthening Cordlife's geographical reach in the region whilst making it the largest cord blood bank in Asia.

Besides the expected increase in Cordlife's revenues from consolidating GCBC's cord blood banking clients, the presence of a broader client base within the combined entity will also present extensive cross-selling opportunities, which the Group can readily capitalise on for growth.

However, whether the proposed merger proceeds or not, is still subject to satisfactory completion of business, financial, legal and other due diligence by the Company and GCBC; as well as the necessary consents, approvals and waivers from all relevant third parties and/or authorities being secured.

RIDING ON FAVOURABLE MEDICAL TRENDS

As the interest in stem cell therapy continues to intensify, this will have a positive knock-on effect for the Group. Our banking business will be primary beneficiaries, especially in the domain of cellular therapies and regenerative medicine. With Cordlife being widely recognised as one of the most established private cord blood banks, especially in Asia, we are confident of riding on our market leadership position to secure greater sources of revenue for the Group.

The Asia healthcare market is poised to grow on the back of favourable demographics and rising demand. With global healthcare spending on the rise, many consumers are moving from treatment to prevention and early intervention. We will tap into this shift in market need by increasing the scope of our diagnostics services.

Brand and market awareness lay the foundation for the Group's sustainable growth. Thus, we will continue with our outreach to educate families on the importance of storing their children's cord blood, cord lining and cord tissue to secure their children's future well-being. Despite the competitive landscapes, we will remain focused, resilient and committed to our business expansion plans via a two-pronged strategy of organic growth as well as through mergers and acquisitions.

ACKNOWLEDGMENTS

On behalf of my fellow board members, I would like to welcome Mr Chang Chien and Mr Zhai Lingyun, appointed in December 2019, and Ms Wang Lin, appointed in November 2019, as Non-Independent Non-Executive Directors of the Group. Collectively, they bring with them a wealth of experience, which will add to our diversity and bring a fresh infusion of expertise and knowledge to Cordlife.

Additionally, I would like to thank Ms Christine Bei Wong, Mr Chen Bing Chuen Albert, Ms Wang Tongyuan and Mr Bu Jiangyong who have resigned as Non-Independent Non-Executive Directors, for their contributions to the Board during the tenure of their service. I wish them all the best in their future endeavours.

Lastly, to all our shareholders, business partners and our staff, please accept my heartfelt thanks and appreciation for your continued support As the premier service provider of choice for families in Asia, we can look forward with confidence in the year ahead.

DR GOH JIN HIAN
Chairman and Independent Director

GROUP CEO'S **MESSAGE**

DEAR SHAREHOLDERS,

It has been a year since I was appointed as the Group Chief Executive Officer and Executive Director of Cordlife Group Limited. I would like to thank the Board of Directors for entrusting me with the stewardship of the Group. Also, I am grateful for the support and dedication of the management and staff as we steer the Group to remain as the premier provider of choice for families in Asia.

Since our establishment in 2001, we have always taken pride in the quality of our services and remain committed to being the one right choice for our clients. With the rise of clinical trials using stem cells (found in cord blood, cord lining and cord tissue), we are in the right direction to help people live healthier, happier and longer. As public awareness of regenerative medicine and cellular therapies increases, Cordlife is well-placed to seize the emerging opportunities as one of the most established private cord blood banks.

BUSINESS OVERVIEW

Cordlife has delivered modest growth in 2019 amidst the ever challenging and competitive industry landscape, coupled with the volatile global economic and political environment. This was made possible by the concerted efforts of our dedicated staff who stayed resilient and committed to achieving sustainable growth.

In Singapore, despite increasing competition from both the public and private cord blood banks, we were able to grow our profit margins because of our efforts to increase awareness of the potential of private cord blood, cord lining and cord tissue banking. There has been an increase in the uptake of our premium service offerings as our clients recognise the value of our services. Our strong trust-based relationships with obstetricians and gynaecologists have also resulted in an increase in the distribution of our NIPT services. During the year, we launched LIFE Sprouts with the objective of providing various types of health and wellness services for the entire family. Our first project involved working with renowned healthcare practitioners to provide antenatal classes to equip expectant families with essential information and skills on child birth as well as baby care.

Hong Kong was plagued by protests in the second half of the year, which posed much challenges for the Group's operations there. However, our staff were able to rally and work together as a team to ensure minimal disruption to the operations, while still keeping each other safe. Despite the challenging external environment, we stepped up our efforts to pursue greater synergy and economies of scale between our brands in Hong Kong (Cordlife and Healthbaby) and we were successful in implementing measures that led to cost-saving and optimised staff productivity. This involved streamlining the operations of the two companies and strategically rightsizing the workforce. Previously outsourced services were brought in-house to achieve greater economies of scale. Collectively, these initiatives have strengthened our core competencies as we seek to increase our market share and better meet the needs of our clients in Hong Kong and Macau.

In 2019, the Group also made inroads into Bangladesh in a bid to capture the demand for quality healthcare in a potentially significant growth market. This further expands the Group's presence in Asia to a total of 10 countries.

The Group announced an indicative non-binding and conditional proposal for the merger with GCBC in June 2019. GCBC is the first and largest cord blood bank in China, holding three of the seven licences currently issued in China, namely in Beijing, Guangdong and Zhejiang. They boast a total of more than 700,000 clients. Although ongoing negotiations are still in the preliminary stage, we believe that a successful merger will significantly increase Cordlife's revenue base and enhance the Group's operational efficiency through synergies within the combined entity.

TAKING PRIDE IN QUALITY

As quality is the cornerstone of Cordlife, we are committed to providing world-class quality and reliable services to our clients, wherever we operate.

In November 2019, Cordlife Indonesia became the first in the country to join the ranks of world-class cord blood banks as an AABB-accredited facility, thus making all of the Group's facilities fully accredited by AABB. This feat came on the heels of the official opening of our newest stem cell banking facility in May 2019, the largest in Indonesia. Our new facility has a capacity to store up to 70,000 stem cell units, seven times more than the previous facility. The new facility also houses dedicated laboratory areas intended to serve the growing demand for diagnostic services.

In the same year, Healthbaby Hong Kong became the first cord blood bank in the country to achieve FACT accreditation. Healthbaby Hong Kong is now one of the four banks in Asia and one of 10 banks in the world to be accredited by both AABB and FACT. With this achievement, along with Cordlife Singapore, the Group now has two facilities holding this prestigious accomplishment.

Attaining these international accreditations is testament to our unwavering commitment to quality. These endorsements are not only essential to building client confidence in the services delivered by Cordlife, but also vital for physicians as they can be assured that the cord blood units processed and stored by any of our facilities would have undergone the most rigorous protocols to help facilitate optimal clinical outcomes.

MOVING AHEAD

We have set our sights to further grow our presence as a leading company in Asia, with a holistic suite of healthcare solutions. With this in mind, we have put several initiatives in place to propel the Group to the next phase of our growth journey.

Firstly, we will continue to build on our brand reach in our current markets. In emerging markets like Indonesia and the Philippines, the penetration rates are still relatively low and we believe that there is a huge potential for growth. We will also introduce our clients to additional services that we regularly bring to the market. For markets where we currently do not have a stem cell banking facility in, we will work with local partners to ramp up the collection numbers, working towards the goal of making it cost-efficient to set up a facility locally. At the same time, we hope to expand our footprint in Asia to beyond the 10 countries that we are in.

We will continue to seek growth in diagnostics through continuous engagement with our clients and physicians. Beyond the mother and child segment, we intend to capitalise on our broad client base by offering relevant healthcare solutions to every member of the family unit over their entire lifetime.

We are working on providing digital healthcare to better service and empower our clients as well as to improve efficiency and reduce costs in the delivery of our services. This ties in well with our plan to stay relevant alongside an increasingly technologically-savvy population and to maintain our competitiveness in the industry. Known as Moms Up, our mobile application is targeted at Asian women who are expecting a baby or planning to conceive is being launched. Moms Up will also be relevant to women with young children.

We will continue to review and streamline our business processes and corporate structure to enhance the Group's efficiency. This produced significant cost-savings in the past year and we believe we can go further.

Inorganically, we are on a constant lookout for acquisition targets to further strengthen our market position and expand our footprint regionally. We will review any horizontal integration opportunities to add to the Group's revenue and net profit growth. These targets will be synergistic to our existing businesses and can provide us a competitive edge over other market players.

APPRECIATION

In the new financial year, we will build on what we have achieved in 2019. On behalf of the Board of Directors, I would like to thank our clients and business partners for their support as well as our management and staff for their dedication and contribution. We also wish to extend our sincere appreciation to our shareholders for the trust and faith in the Group as we forge ahead.

MS. TAN POH LAN
Executive Director and Group Chief Executive Officer

OUR GUIDING
PRINCIPLES & VALUES

These are our guiding principles that underpin how we will continue to achieve business growth and success in our key markets.

HELPING PEOPLE LIVE HEALTHIER, HAPPIER AND LONGER

The cornerstone of our success has been, and will always be, passion. Passion drives everything we do. We are emotionally engaged when helping others, not just because it is in our business' interest to do so, but out of a belief that we can truly help save lives. One of the most satisfying moments was when we released our first cord blood unit for a transplant in Singapore in 2002. Since then, we have released many stem cell units for medical use. Each successful release is a momentous experience, which we celebrate with the family. While we initially exist to provide cord blood banking services to enable stem cell transplants and regenerative medicine, we have since evolved beyond cord blood banking, with the ultimate aim of helping people live healthier, happier and longer.

WE ARE CORDLIFE

Our people are our greatest asset. We recognise and nurture our high performers, and reward them accordingly. We are also focused on developing key managerial competencies to support quality standards, clinical advancements, succession planning and strategy formulation and execution.

INTEGRITY

Doing what is right for our clients is central to all our actions and decisions. We believe so firmly in this that we always demand integrity in the people we work with.

DRIVE FOR EXCELLENCE

We value people with an innate drive for excellence in everything they do. This means getting things right the first time and on time every time.

ACCOUNTABILITY

We are accountable to all our clients who placed their trust in us, and to each other, as part of the Cordlife family. We take ownership of our work and promptly rectify any lapses to the greatest extent possible.

TEAMWORK

We are stronger when we work together, across expertise and boundaries. Together, we will cooperate, coordinate and collaborate so that as a team, we can go beyond the needs of our clients.

INITIATIVE

We take the lead to make things happen. We commit to being agile, taking action and making decisions with our clients in mind. We strive to innovate and generate new ideas for continuous growth.

OUR SERVICES
AT A GLANCE

BANKING
DIAGNOSTICS
DIGITAL HEALTHCARE
OTHERS

CORD BLOOD
Collection at birth, processing, testing and cryopreservation of cord blood.

CORD LINING
Collection at birth, processing, testing and cryopreservation of the lining of the umbilical cord, which contains two cell types.

Cordlife owns an exclusive licence from CellResearch Corporation.

CORD LINING MESENCHYMAL STEM CELLS
Collection at birth, processing, harvesting, testing and cryopreservation of Mesenchymal Stem Cells (MSCs) from the umbilical cord lining.

Cordlife owns an exclusive licence from CellResearch Corporation.

CORD LINING EPITHELIAL STEM CELLS
Collection at birth, processing, harvesting, testing and cryopreservation of Epithelial Stem Cells (CLEpSCs) from the umbilical cord lining.

Cordlife owns an exclusive licence from CellResearch Corporation.

CORD TISSUE
Collection at birth, processing, testing and cryopreservation of umbilical cord tissue, in particular Wharton's Jelly, which contains one type of stem cells.

CORD TISSUE MESENCHYMAL STEM CELLS
Collection at birth, processing, harvesting, testing and cryopreservation of MSCs from the umbilical cord tissue.

Cordlife owns a proprietary technology to extract MSCs from cord tissue.

NON-INVASIVE PRENATAL TESTING
A screening test using whole genome sequencing to analyse cell-free foetal DNA present in maternal blood from early as 10 weeks of pregnancy to detect the risk of foetal chromosomal abnormalities.

PAEDIATRIC VISION-SCREENING
A non-invasive screening test for the early detection of potential vision problems in children as young as 6 months old to 6 years old.

NEWBORN METABOLIC SCREENING
A non-invasive, early detection test specially designed to screen inherited metabolic disorders in newborns.

PREIMPLANTATION GENETIC SCREENING
A screening test performed to help identify chromosomally normal embryos to help patients increase their chance of conceiving a healthy baby.

NEWBORN GENETIC SCREENING
A non-invasive screening for chromosomal abnormalities and gene variants connected to more than 120 genetic disorders in babies using cord blood.

MOMS UP
A mobile app offering pregnancy as well as parenting resources for moms and moms-to-be in Asia.

LIFE SPROUTS
A concept unit established to explore new ways to meet health, wellness and lifestyle needs of our existing and prospective clients as well as to increase our customer engagement by providing value at every milestone of their life journey.

OUR MILESTONES & ACHIEVEMENTS

CELEBRATING 19 YEARS OF QUALITY CORD BANKING AND MORE...

We are focused on helping people live healthier, happier and longer by providing reliable healthcare solutions through innovation, technological advancement and commitment to quality.

19 Years of Quality

Cord Blood Banking And More...

2019

31 DEC
In 2019, the Group has successfully performed 14 cord blood and 1 cord tissue releases to support medical treatment carried out at 6 healthcare institutions in 6 countries.

06 NOV
Cordlife Indonesia's facility became the first and only in Indonesia to receive AABB accreditation.

28 AUG
Cordlife Philippines received re-accreditation from AABB and remains as the only AABB accredited facility in the country.

23 AUG
Appointed marketing agent in Bangladesh, one of the fastest growing economies of the world.

17 APR
Officially opened the largest full-fledged cord blood and tissue banking facility in Indonesia.

14 MAR
Healthbaby Hong Kong's facility became the first and only private cord blood bank in the country to receive FACT accreditation.

FINANCIAL & OPERATIONS REVIEW

REVENUE

Despite facing more competitive industry landscapes and an uncertain macroeconomic outlook, the Group's core performance remained stable, recording a total of 26,700 new samples stored in FY2019, similar to the corresponding period in the previous year, from 1 January 2018 to 31 December 2018 (12M2018). The Group's revenue for the year grew marginally by 0.3% from S$61.4 million in 12M2018 to S$61.6 million in FY2019. The growth is mainly attributed to a higher revenue contribution from Singapore where more clients opted for higher-priced plans as well as the increase in sign-ups for diagnostic services. This is offset by lower revenue contribution from India due to higher take-up of lower-priced manual-processing plans and cord tissue plans in FY2019 compared to 12M2018.

The Group's revenue for cord blood, cord lining and cord tissue banking dropped slighty by 0.7% to S$60.0 million in FY2019, compared to S$60.5 million generated from such services for 12M2018.

Contributions from diagnostics services increased significantly by 68.5%, from S$0.9 million in 12M2018 to S$1.6 million in FY2019. Cordlife's diagnostics business comprises non-invasive prenatal testing, newborn metabolic screening, paediatric vision screening for children aged 6 months to 6 years, and family genetic testing.

OPERATING EXPENSES

Administrative expenses decreased by S$2.3 million or 9.8% in FY2019 compared to 12M2018, partly due to foreign exchange gain of S$253,000 recognised in FY2019 compared to a loss of S$568,000 recognised in 12M2018.

On 2 January 2018, the Group acquired Healthbaby Hong Kong, and as part of the consideration for the acquisition, assumed a Hong Kong dollar denominated debt owed by the seller to Healthbaby Hong Kong. The Group recognised a foreign exchange gain of S$169,000 from the revaluation of the loan as Singapore dollar strengthened against Hong Kong dollar from January 2019 to December 2019 (12M2018: foreign exchange loss of S$504,000 as Hong Kong Dollar appreciated against Singapore Dollar from January 2018 to December 2018).

There was also a decrease in impairment loss on trade and non-trade receivables for FY2019 compared to 12M2018 of approximately S$0.6 million. The decrease in impairment loss on trade receivables is mainly due to decrease in doubtful debts provided for Singapore and the Philippines as a result of increased collection efforts. In 12M2018, the Group recognised impairment loss on non-trade receivables due from a third party in its Indonesia subsidiary but no such impairment loss was made in FY2019.

In FY2019, staff-related expenses have also decreased by approximately S$0.8 million in comparison with 12M2018 as a result of the Group's efforts in streamlining certain job functions and increasing productivity enabled by technology and automation.

MS JANICE ONG
Country CEO
Cordlife Singapore

MR UPAMANNYUE CHOWDHURY
Country CEO
Cordlife India

MS LUCY LAI
Country CEO
Healthbaby Hong Kong - Cordlife Hong Kong

MR RAYMOND WONG
Country CEO
Stemlife Malaysia

MR MICHAEL ARNONOBAL
Country CEO
Cordlife Philippines

MS RETNO SUPRIHATIN
Country CEO
Cordlife Idonesia

FINANCIAL & OPERATIONS REVIEW

NON-OPERATING EXPENSES AND ITEMS

Certain property units owned by the Group in Singapore and Malaysia have been designated as investment properties. These properties are allocated to either be leased to third parties to generate rental income or for capital appreciation. Based on assessments by independent professional valuers, the Group recognised a fair value loss of S$326,000 on its investment properties in Malaysia for FY2019. In 12M2018, the Group recognised fair value gain of S$316,000 on its investment properties held in Singapore and Malaysia.

PROFITABILITY AND MARGINS

Gross profit margin saw an increase of 2.0 percentage points from 62.5% in 12M2018 to 64.5% in FY2019. The increase in gross profit margin is partly driven by higher revenue contribution from Singapore, which has a higher margin compared to the other subsidiaries.

As a result, the pre-tax operating profit for FY2019 stands at S$7.5 million, recording a 138.1% increase over 12M2018.

The Group recorded a net profit attributable to shareholders of S$6.5 million, a remarkable four-fold increase from S$1.5 million recorded in 12M2018.

FINANCIAL POSITION AND CASH FLOWS

The Group maintained a strong balance sheet, with cash and cash equivalents, fixed deposits and short-term investments of S$54.0 million as at 31 December 2019, as compared to S$43.3 million as at 31 December 2018. The increase was mainly due to net cash generated from operating activities of S$11.6 million and redemption of long term investments of approximately S$2.0 million, offset by purchase of property, plant and equipment and intangible assets of S$2.1 million under cash flow from investing activities as well as payment of dividends of S$1.0 million and repayment of interest-bearing borrowings under cash flows used in financing activities.

In FY2019, the net cash generated from operating activities of S$11.6 million was a 52.6% increase from S$7.6 million generated in 12M2018. Net cash generated from operating activities comprised mainly operating cash flows before movements in working capital of S$2.7 million, net interest received of S$9.0 million, net working capital inflow of S$3.4 million offset by income tax paid of S$3.5 million.

KEY CORPORATE DEVELOPMENTS

The Group's subsidiary in India, Cordlife Sciences (India) Pvt. Ltd. made its foray into Bangladesh in August 2019 through the appointment of a marketing agent to promote its banking and diagnostics services. This move allowed the Group to capture surging demand for quality healthcare from a potentially significant high growth market due to the rise of a progressive middle and affluent class.

In April 2019, Healthbaby Hong Kong, the Group's subsidiary in Hong Kong attained accreditation from the Foundation for the Accreditation of Cellular Therapy, an international standard-setting body for cord blood banks in the world. Besides the FACT accreditation, Healthbaby Hong Kong is also accredited by AABB as well as the College of American Pathologists. This makes Healthbaby Hong Kong one of the four cord blood bank facilities in the world to be accredited by three international standard-setting bodies.

In November 2019, the Group's subsidiary in Indonesia, PT. Cordlife Persada became the first cord blood bank in the country to receive AABB accreditation, following the official opening of its new stem cell banking facility in Central Jakarta, Indonesia in May 2019. The new facility is the largest stem cell banking facility in Indonesia with a storage capacity for up to 70,000 stem cell units to capture burgeoning demand for stem cell banking locally. The new facility also features dedicated laboratory areas to cater for potential launch of new products and services.

In August 2019, Cordlife Medical Phils., Inc, the Group's subsidiary in the Philippines was also awarded the re-accreditation status from AABB. With this renewed status, Cordlife Philippines remains as the first and the only AABB-accredited and ISO-certified cord blood bank in the country.

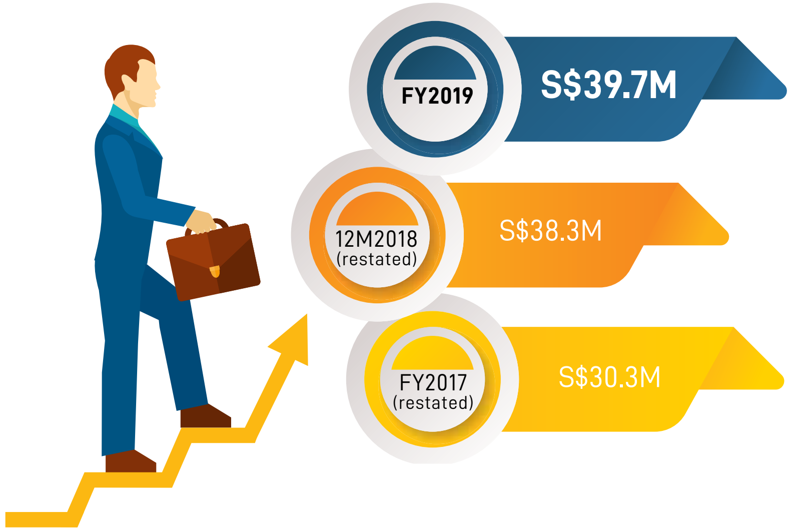
These milestones and accreditations are a testament to the Group's superior quality system and track record of reliable cord blood banking services across its network of cord blood banks in Asia. To date, all cord blood banking facilities under the Group are fully accredited by AABB.

FINANCIAL HIGHLIGHTS

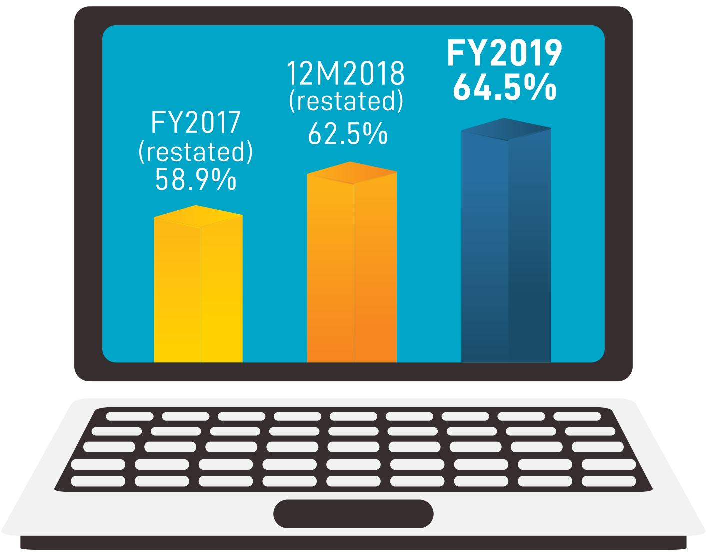
For comparability, 12M2018 covers the 12-month financial period from 1 January 2018 to 31 December 2018

REVENUE

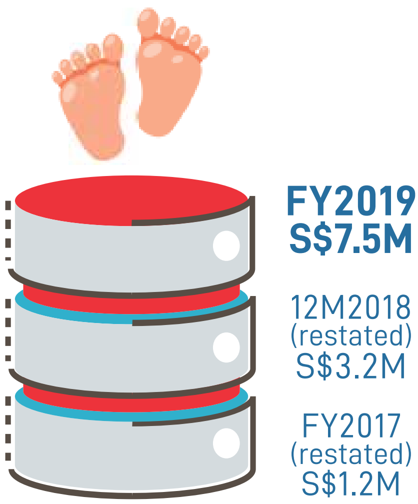
GROSS PROFIT



GROSS PROFIT MARGIN

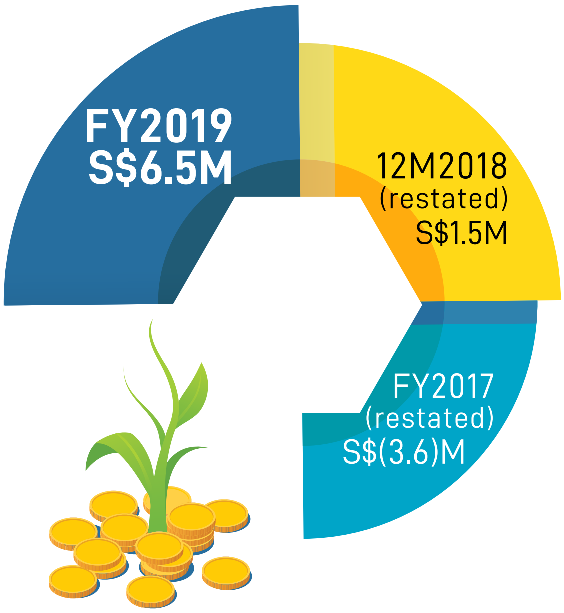


PROFIT BEFORE INCOME TAX FROM OPERATIONS

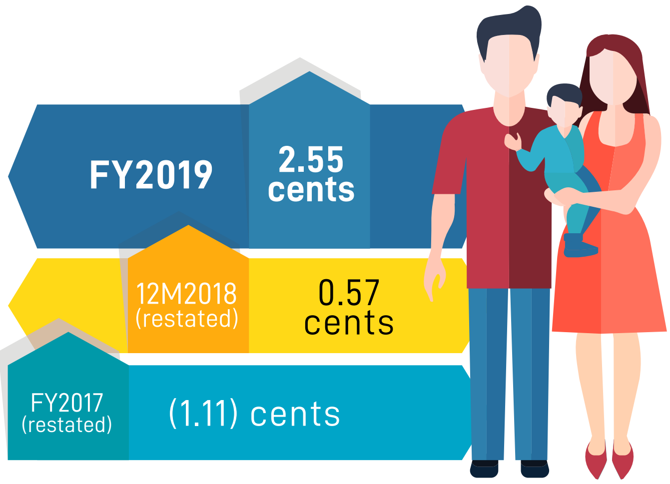


FINANCIAL HIGHLIGHTS

NET PROFIT/(LOSS)

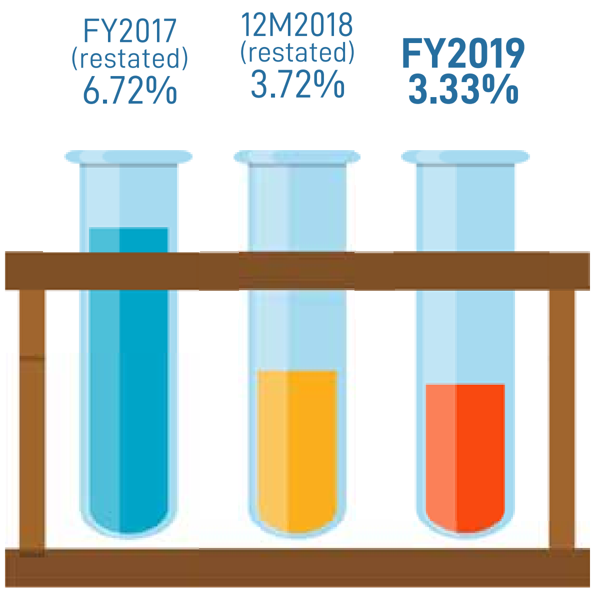


EARNINGS/(LOSS) PER SHARE

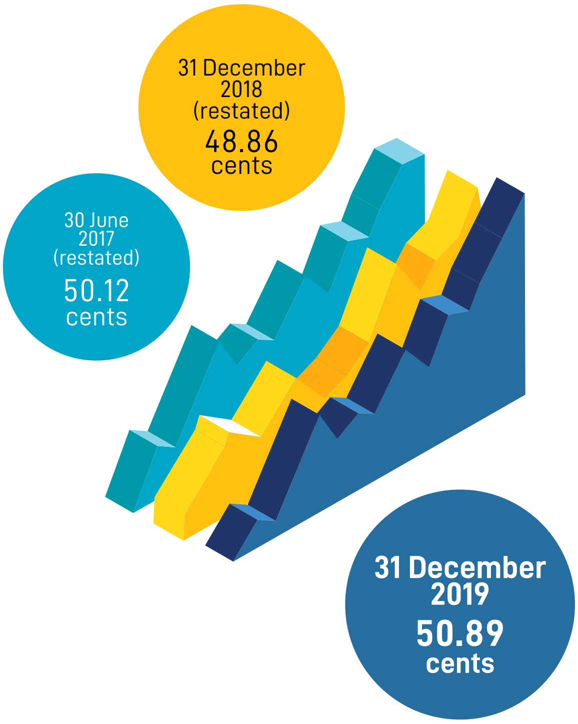


CASH AND CASH EQUIVALENTS SHORT TERM INVESTEMENTS AND FIXED DEPOSITS

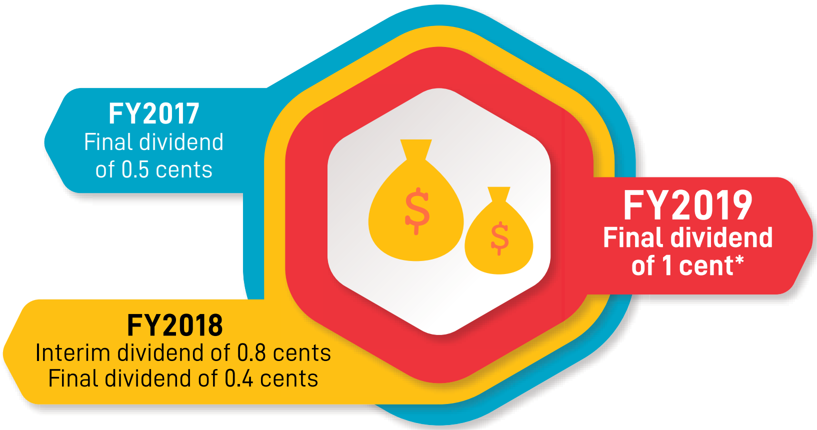
GEARING RATIO



NAV PER SHARE



DIVIDEND



(*SUBJECT TO SHAREHOLDERS' APPROVAL AT THE ANNUAL GENERAL MEETING)

CORPORATE
SOCIAL RESPONSIBILITY

EMPOWERING OTHERS, IMPACTING LIVES

The spirit of giving has always been an integral part of Cordlife's culture. Apart from delivering value to our shareholders, we strongly believe in empowering the lives of others and creating a positive impact in ways that matter to our people and the society wherever we operate.

ONE BLOOD CAMPAIGN

True to the Group's philosophy, Cordlife has been helping families by providing the opportunity to secure a lifetime of protection and a healthier future through cord blood, cord lining and cord tissue banking. Through the years, Cordlife recognise that there are families who may benefit from private cord blood banking but find it financially challenging to do so. Moreover, obtaining a matching cord blood from the public source can cost as high as US$35,000 and sometimes the search may be futile. With this in mind, One Blood Campaign was launched in year 2018 across the Group, providing underprivileged families the chance to bank their baby's cord blood. The campaign offers fully subsidised cord blood banking service to families in need, providing them ready access to genetically related stem cells.

Besides offering complimentary cord blood banking service to underprivileged families, the campaign fuels our higher purpose of raising awareness on leukaemia and other cord blood treatable disorders, advocating the importance of cord blood stem cells for patients suffering from these life-threatening disorders.

CORDLIFE DONATION DRIVE 2019

Into its fourth year of running the Cordlife Donation Drive, Cordlife Singapore has successfully raised more than S$16,000 cash donations from employees, clients and partners over two weeks, in a bid to spread the festive joy to individuals with cerebral palsy and multiple disabilities under the care of Cerebral Palsy Alliance Singapore ("CPAS").

CPAS conducts different types of programmes to help their beneficiaries lead dignified and meaningful lives. One of their programmes, 'Goodwill, Rehabilitation and Occupational Workshop' ("GROW") supports their beneficiaries by developing their vocational skills that in turn enable them to attain employment. Besides that, there are also early intervention programmes for children with disabilities to prepare them for mainstream or special schools. All proceeds raised have been channelled to help CPAS in supporting and empowering the lives of those living with cerebral palsy and disabilities to realise their fullest potential.

EXTRAORDINARY GALA DINNER 2019

The month of March is internationally recognised as the Trisomy (Down Syndrome) Awareness Month. In support of this initiative, our subsidiary, Cordlife Indonesia and the Institution of Parents with Down Syndrome Kids, also known as Persatuan Orang Tua dengan Anak Down Syndrome - Bandung Chapter ("POTADS"), jointly held an Extraordinary Gala Dinner, which was attended by key obstetricians in the country.

POTADS is a foundation that empowers parents of children diagnosed with Down Syndrome through various carefully-curated programmes that support the growth and development of these special children, so that they can integrate with the community better and realise their fullest potential in the society.

The gala dinner saw a sharing session by representatives from POTADS who shared their experiences in raising children with Down Syndrome. Four children with Down Syndrome also showcased their musical talents through a range of heart-warming performances. This event was a part of Cordlife's commitment in raising awareness about Down Syndrome and expanding the education on the importance of non-invasive prenatal testing, so that more people are enabled with the knowledge to make informed choices for their families and their communities.

SHARING KINDNESS WITH YKAKI INDONESIAN CARE FOR CANCER KIDS FOUNDATION

In conjunction with the International Childhood Cancer Awareness Month in September 2019, Cordlife Indonesia visited Yayasan Kasih Anak Kanker Indonesia ("YKAKI") - Indonesian Care for Cancer Kids Foundation, spreading love and happiness to the children diagnosed with cancer.

YKAKI is a non-profit organisation that specialises in holistic care for children with who come from underprivileged families in Indonesia. Founded with the vision that every child with cancer is entitled to the best possible treatment as well as the rights to study and play, YKAKI provides shelter, education programmes and financial reliefs to help these children follow through the cancer treatment.

As a simple gesture of love and care to the community, our staff from Cordlife Indonesisa supported the cause through cash donations as well as the purchase of batik drawings handcrafted by YKAKI children. All proceeds were donated to support YKAKI in its operations and enable their beneficiaries to lead a healthier and happier life. Staff of Cordlife Indonesia also donated food supplies, daily essential items, toys and books, bringing smiles to all the children in YKAKI.

PARTNERSHIP WITH BAHAY ARUGA

In line with the Group's corporate social responsibilty initiative - One Blood Campaign, our subsidiary in the Philippines forged a partnership with Bahay Aruga since 2018, a non-profit half-way house for paediatric cancer patients in Manila, to raise awareness on the advantage of cord blood banking as a credible treatment for leukemia and other blood-malignancies.

Bahay Aruga provides free accommodation to paediatric cancer patients undergoing chemotherapy at the Philippine General Hospital. Most of these young patients travel to Manila from the outskirts to seek cancer treatment, which is not available in the provinces. With a serious shortage of hospital wards, coupled with these patients being financially challenged, most stay on the streets while waiting for their next treatment session.

To support these underprivileged families and provide them the opportunity to secure a lifetime of protection for a healthier future through cord blood banking, Cordlife Philippines extended fully funded cord blood banking service to two eligible families.

Besides that, a fundraising campaign was also initiated, and a cash donation contributed by our staff was used to purchase clothing, books, school supplies, and other daily essentials, with hopes of making a meaningful difference in the lives of the paediatric cancer patients under the care of Bahay Aruga.

BOARD OF **DIRECTORS**

DR GOH JIN HIAN
Chairman and Independent Director

Dr Goh Jin Hian was first appointed as a Director of the Company in July 2011 and was last re-elected on 26 April 2019. He was appointed as Chairman of the Board in March 2018.

He is also currently an Executive Director and Chief Executive Officer of SGX-listed New Silkroutes Group. Prior to joining New Silkroutes Group, Dr Goh was a C-suite executive in Parkway Health from 1999 to 2011.

He had also served on the Council of Singapore Human Resource Institute from 2007 to 2017 and on the Council of the Singapore Medical Association from 1996 to 2000.

Dr Goh obtained his Bachelor of Medicine and Bachelor of Surgery from the National University of Singapore in 1992. He also holds a Master of Business Administration from the University of Hull. In addition, Dr Goh completed The Wharton Advanced Management Program in 2005.

DR HO CHOON HOU
Vice-Chairman and Independent Director

Dr Ho Choon Hou was first appointed as a Director of the Company in June 2011 and was last re-elected on 26 April 2019. He was re-designated as an Independent Director on 22 May 2018.

Dr Ho is a Principal at Southern Capital Group Limited, where he is responsible for the origination and execution of investments. He is also an Independent Director of Advanced Holdings Limited, Vividthree Holdings Ltd. and Mclean Berhad.

Dr Ho holds a Bachelor of Medicine and Bachelor of Surgery (Honours) from the University of Sheffield, as well as a Master of Medicine (Surgery) from the National University of Singapore and a Master of Business Administration (Honours) from the University of Chicago (Graduate School of Business).

MS TAN POH LAN
Executive Director and Group Chief Executive Officer

Ms Tan Poh Lan was first appointed as Group Chief Operating Officer of the Company on 12 April 2016. She was appointed as Executive Director and Group Chief Executive Officer on 28 February 2019 and was last re-elected on 26 April 2019.

Ms Tan has 30 years of extensive experience in the private and public healthcare sectors. Prior to her current portfolio, she was the Chief Executive Officer in both regional and local hospitals, namely Parkway East Hospital (formerly East Shore Hospital) and Gleneagles Hospital in Singapore, Vinmec International Hospital in Hanoi, Vietnam and Fortis Healthcare Singapore.

Ms Tan holds a Master of Business Administration from National University of Singapore and graduated with Honours in Occupational Therapy from University of Queensland, Australia.

MR JOSEPH WONG WAI LEUNG
Independent Director

Mr Joseph Wong Wai Leung was appointed as an Independent Director of the Company on 23 September 2014 and was last re-elected on 27 October 2017.

Mr Wong has a wealth of experience in the financial services industry. He started his career at Big Four auditing firms, PricewaterhouseCoopers and Deloitte Touche Tohmatsu, Hong Kong ("Deloitte").

At Deloitte, he was engaged in a wide spectrum of business domains, including initial public offerings, taxation, and asset protection plans for high net worth individuals. Subsequently, he worked at Credit Agricole ("Suisse"), Hong Kong, where he advised clients on wealth management.

Mr Wong holds a Bachelor of Commerce from the University of Calgary in Alberta, Canada.

BOARD OF DIRECTORS

MR YEO HWEE TIONG
Independent Director

Mr Yeo Hwee Tiong was appointed as an Independent Director of the Company on 22 May 2018 and was last re-elected on 26 April 2019.

Mr Yeo is currently the Group Chief Executive Officer with the Singapore Women's & Children's Medical Group. He has more than 28 years in the healthcare and project management industry and has been involved in the pre-development and planning, construction, project management, hospital management and restructuring of hospitals in Singapore, Malaysia, Myanmar and Vietnam. Mr Yeo was instrumental in the restructuring and turning around of three hospitals in Singapore and Malaysia. Of these, he listed two in Singapore. Mr Yeo also has experience in Vietnam, taking a greenfield hospital project from inception to completion, and into hospital management. On project management sector, Mr Yeo has been involved at senior level in Singapore, India, Vietnam and New Zealand where he project-managed large office complexes, air terminals, industrial park, microwave tower, medical centres and hospitals.

Prior to his current portfolio, Mr Yeo was the Principal at KPMG, Deal Advisory, Healthcare (Singapore and Asia Pacific). He was responsible in setting up the healthcare division for KPMG Singapore and was also appointed as the Healthcare Lead for Asia Pacific working alongside KPMG Global Healthcare based in UK. Mr Yeo led in many clients' engagements on the healthcare landscape in Myanmar, Vietnam, India, Thailand, Indonesia, the Philippines, China, Sri Lanka, Malaysia and presented many market entry opportunities and advisory services to KPMG's clients. He was also involved in commercial due diligence, market research, M&A, restructuring, greenfield advisory, business improvements and clinical due diligence of medical practices and hospitals in Singapore and in the region.

Mr Yeo has managed public hospital in Singapore and private hospitals in Singapore, Malaysia and Vietnam and as its Group CEO, has clear oversight responsibility in ensuring the proper management of the hospitals under his charge.

Mr Yeo obtained his Bachelor of Science (Building) from Heriot-Watt University, Edinburgh, United Kingdom. He also holds a Master of Science (Project Management) from National University of Singapore.

MR FONG CHI WAH
Non-Independent Non-Executive Director

Mr Fong Chi Wah was appointed as a Non-Independent Non-Executive Director of the Company on 18 January 2019 and was last re-elected on 26 April 2019.

Mr Fong is currently the Chief Financial Officer cum Company Secretary of CityChamp Watch & Jewellery Group Limited, a company listed on the Hong Kong Stock Exchange ("HKSE") and serves as Director of its subsidiary Bendura Bank Liechtenstein. He is also the Independent Director of China Youzan Limited, listed on HKSE. Previously, he was Executive Director of the National Fund Limited and Independent Director of Real Nutriceutical Group Limited. Both companies are also listed on HKSE.

Mr Fong has over 25 years of extensive experience in various sectors of the financial industry including direct investment, project and structured finance and capital markets. He has worked for renowned financial corporations such as KPMG, the American International Group ("AIG") in Asia, and the ING Group in Beijing and Hong Kong. In his last position within the ING Group, he served as a Director of the Baring Capital (China) Management Limited that managed ING Beijing Investment Co., Ltd., a company listed on the HKSE.

Mr Fong holds a Bachelor's degree, majoring in Management Sciences (Economics) from the Lancaster University, United Kingdom. He also holds three Master's degrees including a Master of Business Administration from the Warwick University, United Kingdom, a Master's degree in Investment Management from the Hong Kong University of Science and Technology, and a Master's degree in practicing accounting from the Monash University, Australia. He has a Doctorate in Business Administration from the Hong Kong Polytechnic University and is a Juris Doctor from the Chinese University of Hong Kong. He is a CFA charterholder, a member of the Hong Kong Society of Financial Analysts, a fellow of the CPA (Australia), a fellow of the HKICPA, a member of the Institute of Certified Management Accountants, Australia, and a fellow of the Hong Kong Institute of Directors.

MS WANG LIN
Non-Independent Non-Executive Director

Ms Wang Lin was appointed as a Non-Independent Non-Executive Director of the Company on 13 November 2019.

Ms Wang Lin has more than 10 years of experience in the pharmaceutical industry, specialising in business management. She is currently the Assistant President of Sanpower Group Corporation, where she oversees and manages a wide spectrum of business domains in the area of cord blood bank, cell immunotherapy, hospital management, senior care and health management. Prior to joining Sanpower Group Corporation, she was the Senior Consultant of IMS Health (Singapore) and McKinsey & Co. (Shanghai).

Ms Wang obtained her Bachelor of Bioengineering from East China University of Science and Technology. She also holds a Master of Business Administration from INSEAD and a Master's degree in Finance from the University of Bath.

BOARD OF **DIRECTORS**

MR CHANG CHIEN

Non-Independent Non-Executive Director

Mr Chang Chien was appointed as a Non-Independent Non-Executive Director of the company on 12 December 2019.

Mr Chang Chien is currently the Director of Citichamp (Holdings) Limited, where he manages and oversees the company's investment portfolios, operation, business development and corporate compliance agendas. Citichamp (Holdings) Limited is a large multi-national conglomerate that integrates the capital, talents and know-how to manage investments in Asia. He is also the Director of Outward Shine Limited.

Prior to joining Citichamp (Holdings) Limited, he was a Deputy General Manager and Responsible Officer under Securities and Futures Commission ("SFC") requirements at Shun Heng Securities Limited for 3 years. He was then appointed as the Director of the board, responsible for business operation, risk management and institutional order execution.

He continued to pursue greater heights in his career as a Sales Director in China Yinsheng International Securities Limited, where he was responsible in devising the company's business development strategies and developing long-term business relationship with clients. He was also the SFC-required Responsible Officer of China Yinsheng International Securities Limited, with the primary responsibility of managing the company's compliance with all applicable standards of conduct, including statutory requirements of the Securities and Futures Ordinance and codes issued by the SFC.

Mr Chang Chien holds a Bachelor of Arts (Honours) in Public and Social Administrations from City University of Hong Kong.

MR ZHAI LINGYUN

Non-Independent Non-Executive Director

Mr Zhai Lingyun was appointed as a Non-Independent Non-Executive Director of the company on 12 December 2019.

Mr Zhai is currently the Chairman of Nanjing Cenbest Group Co., Ltd. He is also the Chairman of Dendreon Pharmaceuticals LLC, an immunotherapy company based in California US and Natali Seculife Holdings Ltd, the largest private healthcare services company in Israel.

Prior to his current portfolio, Mr Zhai was General Manager of Anhui Branch of Ping An Annuity Insurance Company of China, Ltd for 6 years. Subsequently, he joined Anhui Xinhua Distribution (Group) Holding Co., Ltd as Deputy General Manager. During his stint of 6 years overseeing and managing this traditional large-scale state-owned group in culture and media, he reformed the entire management system, revitalized its business and regained its market position.

In his last position in the Group, he served as Vice Chairman and General Manager of Anhui Xinhua Media Co., Ltd., a holding company listed on Shanghai Stock Exchange ("SSE") where the company achieved remarkable gains in market capitalisation under his stewardship.

Mr Zhai holds a Certificate in Economics from Anhui Investment Management Institute. He also obtained his MBA in Financial Management from University of Luton, UK. In addition, he was accredited as Senior Economist by Personnel Department of Anhui Province, China and awarded Certificate of Advanced Management Programme from China Europe International Business School (CEIBS), China.

SENIOR MANAGEMENT

MR CHOO BOON YONG
Group Chief Financial Officer

Mr Choo Boon Yong joined Cordlife as Group Chief Financial Officer on February 1, 2017. He is responsible for the Group's finance functions and supports the Group CEO in achieving the Group's strategic vision. He also assists in the development of new businesses and in maintaining investor relations.

Mr Choo has over 25 years of experience in accounting, tax, corporate finance and business development in manufacturing and service industries.

Before joining Cordlife, Mr Choo was Group Chief Financial Officer of Seksun Group, where he led the finance teams in Singapore, Thailand and China. He was instrumental in implementing China GAAP reporting following the acquisition of Seksun Group by a China-listed company.

Between 2009 and 2014, Mr Choo was Executive Director of Power HF Group, covering the finance, accounting and legal functions as well as management of the India operations. He led the expansion of the India operations into a pan-India genset servicing company. Prior to this, he held various positions in Temasek Holdings, Ernst & Young and KPMG in Singapore, Hong Kong and China.

Mr Choo holds a Bachelor of Accountancy from Nanyang Technological University. He is also a Chartered Accountant of Singapore.

MS THET HNIN YI
Group Finance Director

Ms Thet Hnin Yi is responsible for management of the Group's finance operations, including statutory filings, financial audits, finance controls and treasury.

Ms Thet joined the Group in June 2011, following the Company's demerger from Life Corporation Limited ("LCL") (previously known as Cordlife Limited). She joined LCL in December 2007 as Senior Finance Manager and was appointed as Chief Financial Officer in August 2013, where she was involved in all areas of financial and accounting functions, including financial reporting, management reporting and budgeting. She was re-designated as Group Finance Director in February 2017.

Prior to joining LCL, Ms Thet held various positions at Ernst & Young LLP from 2001 to 2007, including Audit Manager and Training Manager, where she trained audit assistants and seniors. From 1997 to 2001, she held various positions at Tan Wee Tin & Co., her last position being Audit Supervisor, where she was responsible for auditing small and medium enterprises and multinational companies.

Ms Thet holds a Master of Business Administration from the University of Manchester and a Diploma in Accountancy from Ngee Ann Polytechnic. She is also a fellow of the Association of Chartered Certified Accountants, United Kingdom, and a Chartered Accountant of Singapore.

SENIOR MANAGEMENT

MS JAMIE WOON GEOK PENG
Group Director, Brand Development

Ms Jamie Woon is responsible for the planning, development and implementation of the Group's marketing strategies, marketing communications and public relations activities.

Ms Woon was previously Business Unit Director, Banking from July 2014 to July 2016, during which she was responsible for the strategic and operational aspects of Cordlife's businesses and oversaw all of the Group's banking units. She identified and implemented group-wide business growth strategies, was responsible for meeting the Group's overall financial and non-financial goals, and ensuring adherence to quality policies and objectives. She joined Cordlife Limited (now known as LCL) in October 2006 as Regional Marketing Manager.

Prior to joining LCL, Ms Woon was the Country Marketing Manager of Singapore and Malaysia at California Fitness and the Head of Communications Centre at National Kidney Foundation.

Ms Woon holds a Master of Business Administration from Nanyang Technological University, a Bachelor of Science (Marketing) from the University of Wales, and a Diploma in Chemical Process Technology from Singapore Polytechnic.

MS TAN HUIYING
Group Director, Quality and Operations

Ms Tan Huiying is responsible for group operations and information systems and technology, as well as setting and maintaining the Group's quality standards in service and product offerings.

She was previously Business Unit Director, Diagnostics from January 2014 to June 2016. Her responsibilities included developing and implementing growth and product strategies for the Group's diagnostics business to meet financial and non-financial goals.

Ms Tan joined LCL as Business Development/Technical Executive in June 2006, where she was involved in technical and quality assurance projects, including facility design and build, as well as installation of quality management systems for ISO9001 certification. She has since taken on various regional operations, business development and management roles at Cordlife, including Director of Philippines.

Ms Tan holds a Master of Business Administration with Accountancy and Finance specialisations from Nanyang Technological University, where she was placed on the Dean's Honours List. She also holds a Bachelor of Science (Honours) in Life Sciences from the National University of Singapore.

MS STELLA LEE MEI SUAN
Group Director, Organisational Development

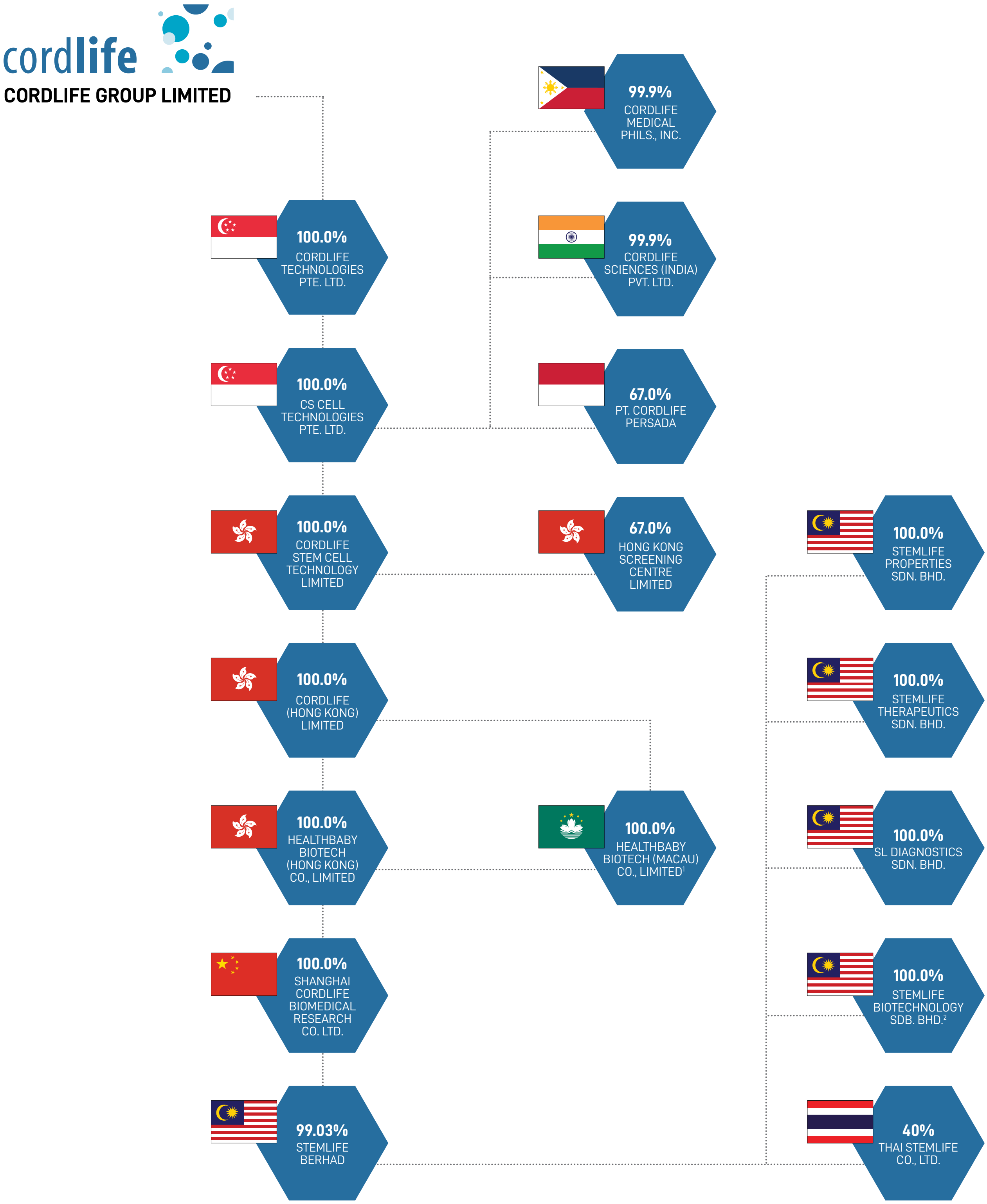
Ms Stella Lee is responsible for the Group's overall organisational development and human capital development. Her job scope also includes structuring of the organisation matrix, building of new capabilities in alignment with strategic business direction as well as the creation of a strong organisational culture.

Ms Lee joined our Group in June 2011 as Deputy General Manager, following the demerger of our Company from LCL. She was appointed as Deputy Director, Organisation Development in August 2013, before being promoted to Director, Organisation Development, in February 2014. Ms Lee had joined LCL in September 2004 as a Client Relations Executive. Subsequently, she rose to become Head of Business, Singapore and Head of Organisation Development (Corporate) in February 2007 and November 2009 respectively.

Prior to joining LCL, Ms Lee served as a Corporate Senior Sales Executive at R. Meyson Marketing Pte Ltd between April 2001 and May 2004. From 1995 to 1998, Ms Lee was a Sales Executive at Craftmark Marketing Pte Ltd and from 1991 to 1994, she was a Laboratory Technologist at National University of Singapore, Paediatrics Department.

Ms Lee obtained her Bachelor in Economics degree from Murdoch University in April 2014 and an Executive Nanyang MBA at Nanyang Technological University, Nanyang Business School in July 2016. She also graduated with a Graduate Diploma in Organisational Psychology from City University of New York and a Diploma in Biotechnology from Singapore Polytechnic in 2011 and 1991 respectively. Ms Lee is also a certified practitioner to administer MBTI and Firo B instruments.

GROUP STRUCTURE



1. Healthbaby Biotech (Macau) Co., Limited is 99.0% held by Healthbaby Biotech (Hong Kong) Co., Limited and 1.0% held by Cordlife (Hong Kong) Limited
2. Formerly known as Stemlife Logistics Sdn. Bhd.

CORDLIFE GROUP LIMITED (the "Company") recognises the importance of good corporate governance practice to the healthy growth of the Company and its subsidiaries (the "Group") and is committed to high standards of corporate governance within the Group to advance its mission to create value for the Group's stakeholders.

The Company has endeavoured to adhere to the principles and provisions as set out in the Code of Corporate Governance 2018 (the "Code") during the financial year ended 31 December 2019 ("FY2019"). This Corporate Governance Report (the "Report") describes the Group's corporate governance practices and sets out the manner in which the Group has applied the principles and the extent of compliance with the guidelines as set out in the Code, and where applicable, the Listing Manual of the Singapore Exchange Securities Trading Limited ("SGX-ST") (the "Listing Manual"). Where there have been deviations from the Code, appropriate explanations have been provided in this Report.

In the opinion of the Board of the Directors of the Company (each a "Director", and collectively the "Board" or "Directors"), the Company has generally complied with all of the provisions set out in the Code for FY2019.

Board Matters

Principle 1: The Board's Conduct of Affairs

The Board's role is to:

(a) provide entrepreneurial leadership, set strategic objectives, and ensure that the necessary financial and human resources are in place for the Company to meet its objectives;

(b) establish a framework of prudent and effective controls, which enables risks to be assessed and managed, including safeguarding of shareholders' interests and the Company's assets;

(c) review management performance;

(d) identify the key stakeholder groups and recognise that their perceptions affect the Company's reputation;

(e) set the Company's values and standards (including ethical standards), and ensure that obligations to shareholders and other stakeholders are understood and met; and

(f) consider sustainability issues, e.g. environmental and social factors, as part of its strategy formulation process.

In fulfilling the Board's role, the Board oversees the Group's overall policies, strategies and objectives, key operational initiatives, performance and measurement, internal control and risk management, major funding and investment proposals, financial performance reviews and corporate governance practices.

The Board reserves for its own decision on matters such as, amongst others, (a) corporate restructuring; (b) mergers and acquisitions; (c) major investments and divestments; (d) material acquisition and disposal of assets; (e) major corporate policies on key areas of operations; (f) commitments to term loans and lines of credits from banks and financial institutions; (g) the annual strategic plan and budget; (h) share issuance; (i) declaration of interim dividends and proposed declaration of final dividends; (j) financial results for release to the SGX-ST; (k) interested person transactions of a material nature; and (l) appointment of Directors and change in composition of the Board Committees.

The Board meets on a regular basis and such scheduled meetings coincide with the announcement of the Group's quarterly financial results and Annual General Meeting ("AGM"). In addition to the scheduled meetings, ad-hoc Board meetings are also convened as and when they are deemed necessary in between the scheduled meetings. The Constitution of the Company provides that the Directors may convene meetings by way of telephone conference, video conference, audio visual or similar means. When a physical Board meeting is not possible, timely communication with members of the Board is achieved through electronic means and the circulation of written resolutions for approval by the relevant members of the Board or Board Committees.

To assist in the execution of its responsibilities and enhance the effectiveness of the Board, the Board is supported by the Audit and Risk Committee ("ARC"), the Nominating Committee ("NC"), and the Remuneration Committee ("RC"). The Board Committees operate within clearly defined terms of reference and functional procedures, which are reviewed on a regular basis. Details on each Board Committee, including the composition and terms of reference, can be found subsequently in this Report.

The current members of the Board, the nature of the Directors' appointment to the Board and their membership on the Board Committees are set out below:

Name of Director	Board	ARC	RC	NC
Dr Goh Jin Hian	Chairman and Independent Director	N.A.	Chairman	N.A.
Dr Ho Choon Hou	Vice-Chairman and Independent Director	Member	N.A.	Member
Tan Poh Lan	Executive Director and Group Chief Executive Officer	N.A.	N.A.	N.A.
Joseph Wong Wai Leung	Independent Director	Chairman	N.A.	N.A.
Yeo Hwee Tiong	Independent Director	N.A.	Member	Chairman
Fong Chi Wah	Non-Independent Non-Executive Director	Member	Member	N.A.
Wang Lin	Non-Independent Non-Executive Director	N.A.	N.A.	N.A.
Chang Chien	Non-Independent Non-Executive Director	N.A.	N.A.	N.A.
Zhai Lingyun	Non-Independent Non-Executive Director	N.A.	N.A.	Member

In FY2019, a total of eight (8) Board meetings were held. The table below shows the attendance of the Directors at the last AGM in 2019 and the Board and respective Board Committee meetings in respect of FY2019[1]:

Name of Director	AGM	Board	ARC	RC	NC
	No. of meetings attended				
Dr Goh Jin Hian	1/1	8/8	N.A.	2/2	N.A.
Dr Ho Choon Hou	1/1	8/8	4/4	N.A.	2/2
Tan Poh Lan[2]	1/1	4/4	N.A.	N.A.	N.A.
Joseph Wong Wai Leung	1/1	8/8	4/4	N.A.	N.A.
Yeo Hwee Tiong	1/1	8/8	N.A.	2/2	2/2
Chen Bing Chuen Albert[3]	0/1	3/3	N.A.	1/1	N.A.
Wong Christine Bei[4]	0/1	0/5	N.A.	N.A.	N.A.
Wang Tongyan[5]	1/1	5/5	3/4	N.A.	N.A.
Bu Jiangyong[6]	1/1	1/3	N.A.	N.A.	1/2
Fong Chi Wah[7]	0/1	6/6	N.A.	1/1	N.A.
Wang Lin[8]	N.A.	N.A.	N.A.	N.A.	N.A.
Chang Chien[9]	N.A.	N.A.	N.A.	N.A.	N.A.
Zhai Lingyun[10]	N.A.	N.A.	N.A.	N.A.	N.A.
Michael Steven Weiss[11]	N.A.	0/1	N.A.	N.A.	N.A.

(1) Refers to meetings held/attended while each Director was in office and in the respective Board Committees, if any. In FY2019, some of the Non-Independent Non-Executive Directors ("NINED(s)") were excluded from 3 Special Board Meetings as they were deemed to be conflicted in the subject matter to be discussed at those Meetings.

(2) Ms Tan Poh Lan was appointed as an Executive Director and Group Chief Executive Officer ("ED and GCEO") with effect from 28 February 2019.

(3) Mr Chen Bing Chuen Albert resigned as a NINED of the Company and a member of the RC with effect from 05 June 2019.

(4) Ms Wong Christine Bei resigned as a NINED of the Company with effect from 14 January 2020.

(5) Ms Wang Tongyan resigned as a NINED of the Company and a member of the ARC with effect from 12 December 2019.

(6) Mr Bu Jiangyong resigned as a NINED of the Company and a member of the NC with effect from 13 November 2019.

(7) Mr Fong Chi Wah was appointed as a NINED of the Company with effect from 18 January 2019, a member of the RC with effect from 05 June 2019, and a member of the ARC with effect from 12 December 2019.

(8) Ms Wang Lin was appointed as a NINED of the Company with effect from 13 November 2019.

(9) Mr Chang Chien was appointed as a NINED of the Company with effect from 12 December 2019.

(10) Mr Zhai Lingyun was appointed as a NINED of the Company and a member of the NC with effect from 12 December 2019.

(11) Mr Michael Steven Weiss resigned as an ED and GCEO of the Company with effect from 28 February 2019. He applied to go on sabbatical leave from 10 January 2019 and was excused from attending the Meetings held up until his resignation on 28 February 2019.

A formal letter is provided to each Director upon his or her appointment, setting out the Director's duties and obligations. The newly appointed Directors received an orientation that includes briefings by the management of the Company (the "Management") on the Group's structure, strategic objectives, business operations and policies. They were also briefed by the Company's legal counsel on 'Director's Duties and Responsibilities' following their appointment. All the Directors were also given the opportunities to visit the Group's operational facilities and to interact with members of the Management team.

In FY2019, the Directors were kept abreast of the changing commercial risks faced by the Company through briefings by the Management at Board meetings. The Directors were also updated on the latest changes in the Companies Act, Chapter 50, Listing Rules, Code of Corporate Governance and the Accounting Standards by the relevant professionals at the quarterly Board meetings. The Directors also attended other training courses of their choice, and if the training is relevant to the performance of their duties as a Director of the Company, expenses were borne by the Company.

Principle 2: Board Composition and Guidance

As at 31 December 2019, the Board comprised nine Directors of whom one (1) was Executive Director, four (4) were NINEDs, and four (4) were Independent Directors ("ID(s)").

With four (4) IDs on the Board out of nine (9) Directors, the Company maintains a strong and independent element on the Board with IDs making up more than one-third of the Board.

The Company defines an ID as one who has no relationship with the Company, its related corporations, its 5% shareholders or its officers that could interfere, or be reasonably perceived to interfere, with the exercise of the Director's independent business judgment with a view to the best interests of the Company. To be considered independent, the Director should not be someone who:

(a) has been employed by the Company or any of its related corporations for the current or any of the past three financial years;

(b) has an immediate family member who is, or has been in any of the past three financial years, employed by the Company or any of its related corporations and whose remuneration is determined by the RC;

(c) himself/herself, or has an immediate family member, accepting any significant compensation from the Company or any of its related corporations for the provision of services, for the current or immediate past financial year, other than compensation for Board service;

(d) himself/herself, or whose immediate family member, in the current or immediate past financial year, is or was a 5% shareholder of, or a partner in (with 5% or more stake), or an executive officer of, or a director of, any organisation to which the Company or any of its subsidiaries made, or from which the Company or any of its subsidiaries received, significant payments or material services (which may include auditing, banking, consulting and legal services), in the current or immediate past financial year. As a guide, payments aggregated over any financial year in excess of S$200,000 should generally be deemed significant.

(e) is a 5% shareholder or an immediate family member of a 5% shareholder of the Company; or

(f) is or has been directly associated with a 5% shareholder of the Company, in the current or immediate past financial year.

The NC reviewed the independence of Dr Goh Jin Hian, Dr Ho Choon Hou, Mr Joseph Wong Wai Leung and Mr Yeo Hwee Tiong. The NC noted that the four Directors have no relationship with the Company, its related corporations, its 5% shareholders or its officers that could interfere, or be reasonably perceived to interfere, with the exercise of the Director's independent business judgment with a view to the best interests of the Company, and they had exercised objective judgment on corporate affairs independently from Management. Mr Yeo Hwee Tiong, who is the NC Chairman, had abstained from deliberation on his own independence.

The Board concurred with the views of the NC on the independence of the IDs. Each of the IDs had abstained from deliberating and making decision on his own independence.

The Board has four (4) Directors from the medical and healthcare background which are relevant to the business of the Company. They are Dr Goh Jin Hian, Dr Ho Choon Hou, Mr Yeo Hwee Tiong and Ms Tan Poh Lan. All four of them also have extensive experience in managing healthcare companies. Mr Zhai Lingyun brought with him vast experience in the biomedical and pharmaceutical industry and Ms Wang Lin has vast experience in consulting for healthcare businesses and hospital management which is also relevant to the Company's business. Mr Joseph Wong brought with him accounting and corporate finance experience. Mr Fong Chi Wah has extensive experience in the finance and capital markets industry. Mr Chang Chien has a broad experience in compliance and risk management as well as formulation of business development strategies.

The Board is led by Dr Goh Jin Hian, the Board Chairman who has extensive experience in the healthcare industry, having worked as a C-suite executive from 1999 to 2011 at a healthcare company listed on the SGX-ST. The Board and the NC are also of the view that the current Board comprises Directors who bring with them a wealth of expertise and experience in areas of medical, pharmaceutical and healthcare, accounting and finance, business management, mergers and acquisitions, as well as regional markets which enable Management to benefit from a diverse and objective perspective on any issues raised before the Board. The Board also has gender diversity in having two (2) female Directors on the Board. The Company does not have a written Board Diversity Policy. The composition of the Board is reviewed at least annually, or as and when appropriate by the NC to ensure that there is a mix of experience and expertise to enable the Company to benefit from a diverse perspective from directors of different background. Key information on the Directors is set out on pages 18 to 22 of this Annual Report.

The Non-Executive Directors played a crucial role in helping to develop proposals surrounding the Company's strategies by challenging the strategies proposed by Management in a constructive manner. The Non-Executive Directors also met on several occasions on an informal basis in FY2019 without the presence of Management (including the Executive Director), to discuss matters relating to the Company and Management performance.

The Company was listed on the SGX-ST on 29 March 2012 and none of the IDs had served on the Board for more than nine years as at the date of this Report.

Principle 3: Chairman and Chief Executive Officer

To ensure a clear division of responsibilities and a balance of power and authority within the Company, the role of the Chairman and the GCEO of the Company are undertaken separately by Dr Goh Jin Hian and Ms Tan Poh Lan (previously Mr Michael Steven Weiss, until his resignation on 28 February 2019) respectively.

The Chairman, Dr Goh Jin Hian, is an Independent Director. He leads the Board in adhering to and maintaining a high standard of corporate governance with the full support of the Directors and Management. He approves the agendas for the Board meetings and exercises control over, amongst others, the quality, quantity, accuracy and timeliness of information flow between the Board and Management of the Company. He facilitates timely communication between the Board and Management, between the Company and its shareholders and amongst the Board members inter se, with a view to encouraging constructive relations and dialogue amongst them. At the AGM and other shareholder meetings, the Chairman ensures constructive dialogue between shareholders, the other Directors and Management.

Ms Tan Poh Lan is the ED and GCEO of the Company. She manages the businesses of the Group and implements the decisions made by the Board. The GCEO is responsible for the day-to-day operations of the Group, the formulation of the Group's strategic directions and expansion plans and managing the Group's overall business development strategies.

The performance and appointment of the Chairman and the GCEO are reviewed periodically by the NC and the remuneration packages of the Chairman and the GCEO are reviewed periodically by the RC. With the segregation of duties between the Chairman and the GCEO, the Board believes that there are adequate safeguards in place to prevent an uneven concentration of power and authority in a single individual.

Principle 4: Board Membership

The NC is established to ensure that there is a formal and transparent process for all Board appointments and re-appointments. It is regulated by a set of written terms of reference endorsed by the Board and comprises a majority of IDs, including its Chairman:

Yeo Hwee Tiong (Independent Director) (Chairman of the NC)
Dr Ho Choon Hou (Board Vice-Chairman and Independent Director)
Bu Jiangyong (Non-Independent Non-Executive Director) – Resigned on 13 November 2019
Zhai Lingyun (Non-Independent Non-Executive Director) – Appointed on 12 December 2019

The functions of the NC include, amongst others:

1. reviewing and recommending (i) the Board succession plans of the Directors and the nomination for the re-election of Directors, including the Independent Directors, having regard to each Director's contribution and performance, taking into consideration each Director's contribution and performance at Board meetings, including attendance and participation; (ii) the development of a process for evaluation of the performance of the Board, the Board Committees and individual Directors; and (iii) the review of training and professional development programmes for the Board;

2. ensuring that all Directors submit themselves for re-election at regular intervals;

3. determining annually, and as and when circumstances require, whether or not a Director is independent in accordance with Principle 2 of the Code and any other salient factors;

4. deciding whether or not a Director is able to and has been adequately carrying out his or her duties as a Director of the Company; and

5. reviewing and approving any nominations for the appointment to the Board including the disclosure of the search and nomination process.

The NC has in place a process for selection and appointment of new directors. The need for the appointment of new directors is identified in areas where additional expertise and skills will add to the effectiveness and diversity of attributes of the current Board. The NC then identifies potential candidates through engaging of professional firms and recommendations by Directors, Management and shareholders. The NC assesses the suitability of the potential candidates by evaluating the candidates' skills and knowledge. The required level of commitment and other information about the Company and the Board are communicated to the candidates to allow candidates to make an informed decision. The NC will then recommend its selected candidate to the Board for approval of the appointment.

The Directors do not currently have a fixed term of office. Pursuant to Articles 94 and 95 of the Company's Constitution, every Director is required to retire from office once every three years. One-third of Directors who have served the longest since their most recent election (or, if their number is not a multiple of three, the number nearest to but not less than one-third) must retire from office. In accordance with Article 100 of the Company's Constitution, the Directors who were newly appointed by the Board since the last AGM will have to retire at the forthcoming AGM. The retiring Directors are eligible to offer themselves for re-election.

The following Directors were appointed subsequent to the Company's last AGM held on 26 April 2019. Pursuant to Article 100 of the Company's Constitution, they will have to vacate their office at the close of the forthcoming AGM. Being eligible, they had offered themselves for re-election.

(i) Ms Wang Lin;

(ii) Mr Chang Chien; and

(iii) Mr Zhai Lingyun.

In accordance with Article 94 of the Company's Constitution, Mr Joseph Wong and Ms Tan Poh Lan shall retire by rotation at the Company's forthcoming AGM. Being eligible, both had offered themselves for re-election.

In this regard, the NC, having considered the attendance and participation of the Directors at the Board and Board Committee meetings, in particular, their contribution to the business and operations of the Company, has recommended the re-election of all those Directors who had expressed their wish to be re-elected at the forthcoming AGM. The Board has concurred with the NC's recommendation.

Each member of the NC/Board had abstained from voting on any resolutions and making any recommendations and/or participating in any deliberations of the NC/Board in respect of their re-election as Director.

The NC has not fixed a maximum number of listed company board representation which the Directors can hold as the NC is of the opinion that the Directors are able to manage their commitment to their respective board representations, and each Director's performance is also evaluated on the basis of time and commitment given to the Board. The NC is satisfied that sufficient time and attention are being given by the Directors to the affairs of the Group, notwithstanding that some of the Directors have multiple board representations.

The Board would generally avoid approving the appointment of alternate directors. Alternate Directors, if any, would only be appointed for limited periods in exceptional cases such as when a Director has a medical emergency. No alternate Director has been appointed to the Board since the Company was listed on the SGX-ST on 29 March 2012.

The profile of the Directors, detailing their qualification, directorships in other listed companies, their appointment to the Board of the Company and the date of their last re-election can be found on pages 18 to 22 of this Annual Report.

Principle 5: Board Performance

The Board acknowledges the importance of a formal assessment of Board performance. It has adopted a formal system of evaluating Board performance with the use of evaluation forms to assess the effectiveness of the Board and Board Committees and the contribution by each Director. All Directors are required to complete the evaluation questionnaire annually.

The evaluation of the Board's performance as a whole deals with matters on Board composition, information flow to the Board, Board procedures and Board accountability. Factors such as the structure, size and processes of the Board and the Board's access to information, management and the effectiveness of the Board's oversight of the Company's performance are applied to evaluate the performance of the Board as a whole. The evaluation of the performance of an individual Director deals with matters on an individual Director's attendance at meetings, observance of the individual Director's duties towards the Company and the individual Director's know-how and interaction with fellow Directors.

As part of the evaluation process, each Director completes an evaluation form, which is then returned to the Company Secretary on a private and confidential basis for compilation of average scores. The compiled results are then tabulated and tabled at the NC meeting for NC's review. The Chairman of the NC will then present the findings and recommendations of the NC to the Board.

The evaluation of Board performance is conducted annually to identify areas of improvement and as a form of good Board management practice. The last performance evaluation was conducted in February 2020 and the results have been presented to the NC for discussion. The newly appointed Directors, Ms Wang Lin, Mr Chang Chien and Mr Zhai Lingyun were excluded from the annual performance evaluation for FY2019 as they were appointed to the Board in late FY2019. The Company did not engage any external consultant or facilitator to assist with the performance evaluation of the Board, Board Committees and individual Directors for FY2019.

The NC is also satisfied that sufficient time and attention has been given by the Directors to the affairs of the Company, notwithstanding that some of the directors have multiple board representations. Based on the internal and external assessment, the NC is satisfied that the Board has been effective as a whole and that each and every Director has contributed to the effective functioning of the Board and the Board Committees.

Access to Information

Board members are provided with complete, adequate and timely information prior to Board meetings to allow Directors sufficient time to review the Board papers. As and when there are important matters that require the Board's attention and decision, the information will be furnished to the Directors as soon as practicable. All Directors have independent access to the Group's senior management and the Company Secretary. All Directors are provided with complete and adequate information prior to Board meetings and on an ongoing basis. The information provided includes, amongst others, background or explanatory information relating to matters to be brought before the Board, copies of disclosure documents, budgets, forecasts, key agreements and monthly internal financial statements.

The Company Secretary and/or her assistant attend all Board and Board Committees meetings and provide corporate secretarial support to the Board, ensure adherence to Board procedures and compliance with the relevant rules and regulations of the Constitution of the Company, the Companies Act (Chapter 50 of Singapore), the Listing Manual and all other relevant rules and regulations which are applicable to the Company. Any decision to appoint or remove the Company Secretary can only be taken by the Board as a whole.

If the Directors need independent professional advice to fulfill their duties, such advice will be obtained from the professional entity approved by the Board and the cost of such professional advice will be borne by the Company.

REMUNERATION MATTERS

Principle 6: Procedures for Developing Remuneration Policies

Remuneration Committee

The RC comprises a majority of IDs, including its Chairman and is regulated by a set of written terms of reference endorsed by the Board:-

Dr Goh Jin Hian (Board Chairman and Independent Director) (Chairman of the RC)
Yeo Hwee Tiong (Independent Director)
Chen Bing Chuen Albert (Non-Independent Non-Executive Director) – Resigned on 05 June 2019
Fong Chi Wah (Non-Independent Non-Executive Director) – Appointed on 05 June 2019

The functions of the RC include, amongst others:

1. reviewing the remuneration framework (including Directors' fees) for the Board and key management personnel within the Group;

2. reviewing and approving the policy for determining the remuneration of executives of the Group, including that of the Executive Director, GCEO and other key management executives;

3. ensuring a formal and transparent procedure for developing policy on executive remuneration;

4. reviewing the ongoing appropriateness and relevance of the executive remuneration policy and other executive benefit programmes;

5. considering and reviewing the remuneration package and service contract terms for each of the Directors and key management personnel (including salaries, allowances, bonuses, payments, options, benefits in kind, retirement rights, severance packages and service contracts) having regard to the executive remuneration policy for each of the companies within the Group;

6. considering and approving termination payments, retirement payments, gratuities, ex-gratia payments, severance payments and other similar payments in the event of termination or retirement of the Executive Directors and key management personnel; and

7. determining, reviewing and approving the design of all option plans, stock plans and/or other equity based plans that the Group proposes to implement, to determine, on an annual basis, whether any awards will be made under the rules of such plans, to review and approve each award as well as the total proposed awards under each plan in accordance with the rules governing each plan and to review, approve and keep under review performance indicators and/or the fulfillment of performance indicators in accordance with the rules set out under such plans.

Principle 7: Level and Mix of Remuneration

As noted above, one of the responsibilities of the RC is to review the remuneration framework of the Board and key management personnel in the Group, and to consider and review the remuneration package and/or service contract terms for each of the Directors and key management personnel.

Remuneration of the Executive Directors and key management personnel

In setting the remuneration package of the Executive Directors, the Company makes a comparative study of the packages of executive directors in comparable industries and takes into account the performance of the Company and that of the Executive Directors.

The compensation structure is designed to ensure that the level and mix of remuneration is competitive, relevant and appropriate in finding a balance between current and long-term compensation. The Company has in place the following incentive plan in FY2019:-

Share Grant Plan

At an Extraordinary General Meeting held on 18 October 2013, the shareholders of the Company approved the Cordlife Share Grant Plan (the "Plan" or the "SGP") for the award of rights (the "Awards") to participants of the Plan to receive fully-paid ordinary shares, free of charge, upon the participant achieving the prescribed performance targets and upon expiry of the prescribed vesting period. The RC of the Company has been designated as the Committee responsible for the administration of the SGP.

The Plan is a performance incentive scheme which forms an integral part of the Group's incentive compensation program. Persons eligible to participate in the Plan (the "Participants") comprise key senior management and employees of the Company and Non-Executive Directors at the absolute discretion of the Committee. The Plan is established with the objective of motivating the Participants to strive towards performance excellence, long-term prosperity of the Group, and promoting their organisational commitment, dedication and loyalty towards the Group. In addition, the Plan will make employee remuneration sufficiently competitive to recruit new employees and retain existing employees whose contributions are important to the long-term growth and profitability of the Group.

The categories of awards under the Plan in FY2019 are as follows:-

Performance Share Award

The FY2019 contingent awards under the Performance Share Award were granted conditional on meeting performance targets set based on the following Group corporate objectives measured over a performance period of one financial year:

- Group's Financial Key Performance Indicators ("KPI(s)") including Group Revenue, Gross Profit Margin, Profit before Tax and Return on Invested Capital: and

- Non-financial KPIs including, but are not limited to, quality standards, customer service standards , people objectives and 360 feedback.

Financial and non-financial KPIs have a weightage of 80% and 20% respectively towards the final performance achievement computation.

Pursuant to the SGP, the RC has decided to grant contingent awards on an annual basis, conditional on meeting targets set for the performance period. The shares will only be released to the recipient at the end of the performance qualifying period. The actual number of performance shares to be released to the recipient will depend on the achievement of the set targets over the performance period. A minimum threshold performance is required for any share to be released and the actual number of performance shares to be released is capped at 100% of the conditional award. Only 50% of the final number of shares will vest upon the end of the performance period, with balance of the award vesting one year later.

Restricted Share Award

The FY2019 contingent share awards under the Restricted Share Award were granted to employees of the Group conditional upon the satisfaction of the following performance targets set at the start of a two-year performance period based on medium-term Group and Company objectives of retaining high potential talents (“HiPo”):

- Sustained Performance Level (“PL”) rating 1 or 2 (out of 5); and

- Continues to remain in HiPo talent pool.

The shares will only be released to the recipient at the end of the performance qualifying period. The actual number of performance shares to be released to the recipient will depend on the achievement of the set targets over the performance period. A minimum threshold performance is required for any share to be released and the actual number of performance shares to be released is capped at 100% of the conditional award. Only 50% of the final number of shares will vest upon the end of the performance period, with balance of the award vesting at the end of the third year.

No contingent shares were granted in FY2019 to employees of the Company under the Restricted Share Award.

Deferred Share Award

The Deferred Share Award is a one-time contingent award granted in FY2016, conditional upon satisfaction of a three-year service period based on the Group’s medium-term objective of retaining key management important to the Group’s leadership pipeline and the current operations.

The Award was to vest in equal tranches with vesting dates of 1 July of 2017, 2018 and 2019, provided service-based conditions were met. All the shares granted under the Deferred Share Award had been fully vested in FY2019.

<u>Remuneration of Non-Executive Directors and Independent Directors</u>

The IDs and Non-Executive Directors do not have service agreements with the Company. They are paid a basic, fixed Director’s fee, which is determined by the Board, apposite to the level of their contributions and taking into account factors such as the time spent and the effort and the individual responsibilities of each Independent or Non-Executive Director. Such fees are subject to the approval of the shareholders at each AGM.

Each member of the RC shall abstain from voting on any resolution and making any recommendation and/or participating in any deliberation in respect of his or her own remuneration.

The NINEDs namely, Mr Fong Chi Wah, Ms Wang Lin, Mr Chang Chien and Mr Zhai Lingyun, who were nominated to the Board by the substantial shareholders, had agreed to waive their Directors’ fee. No Directors’ fee had been paid / would be paid to any of the NINEDs in FY2019 and for the financial year ending 31 December 2020 (“FY2020”).

Except for the SGP, the Board has not introduced any contractual provisions to allow the Company to reclaim incentive components from its Executive Directors and key management personnel in exceptional circumstances of misstatement of financial results, or of misconduct resulting in financial loss to the Company. The Board believes that there are ample statutory and regulatory penalties to address such circumstances.

Principle 8: Disclosure on Remuneration

A breakdown showing the level and mix of each individual Director's remuneration for FY2019 is disclosed in the table below:

Directors		Salary (%)	Bonus (%)	Allowances (%)	Fees (S$)	Total (%)
S$500,000 to S$750,000						
Tan Poh Lan[(1)]	Executive Director and Group CEO	62	35	3	–	100
S$250,000 to S$500,000						
Michael Steven Weiss[(2)]	Executive Director and Group CEO	82	15	3	–	100
Dr Goh Jin Hian	Chairman, Independent Director	–	–	–	118,000	118,000
Dr Ho Choon Hou	Vice-Chairman, Independent Director	–	–	–	100,000	100,000
Joseph Wong Wai Leung	Independent Director	–	–	–	83,000	83,000
Yeo Hwee Tiong	Independent Director	–	–	–	83,000	83,000
Chen Bing Chuen Albert[(3)]	Non-Independent Non-Executive Director	–	–	–	–	–
Wong Christine Bei[(3)]	Non-Independent Non-Executive Director	–	–	–	–	–
Wang Tongyan[(3)]	Non-Independent Non-Executive Director	–	–	–	–	–
Bu Jiangyong[(3)]	Non-Independent Non-Executive Director	–	–	–	–	–
Fong Chi Wah[(4)]	Non-Independent Non-Executive Director	–	–	–	–	–
Wang Lin[(5)]	Non-Independent Non-Executive Director	–	–	–	–	–
Chang Chien[(6)]	Non-Independent Non-Executive Director	–	–	–	–	–
Zhai Lingyun[(6)]	Non-Independent Non-Executive Director	–	–	–	–	–

(1) Ms Tan Poh Lan was appointed as ED and GCEO with effect from 28 February 2019.

(2) Mr Michael Steven Weiss resigned as ED and GCEO of the Company with effect from 28 February 2019.

(3) Mr Chen Bing Chuen Albert, Ms Wong Christine Bei, Ms Wang Tongyan, and Mr Bu Jiangyong had agreed to waive their Director's fees for FY2019.

(4) Mr Fong Chi Wah was appointed as an NINED of the Company with effect from 18 January 2019. He had agreed to waive his Director's fees for FY2019.

(5) Ms Wang Lin was appointed as an NINED of the Company with effect from 13 November 2019. She had agreed to waive her Director's fees for FY2019.

(6) Mr Chang Chien and Mr Zhai Lingyun were appointed as NINEDs of the Company with effect from 12 December 2019. They have agreed to waive their Director's fees for FY2019.

The remuneration of the ED and GCEO of the Company is disclosed in bands of S$250,000 to protect the Company's need for the retention of talents who have in-depth knowledge of the Company's business and operations.

The remuneration of the top six (6) key management personnel (excluding the ED and GCEO) is disclosed in the table below:

KEY EXECUTIVES		Salary (%)	Bonus (%)	Allowances (%)	Fees (%)	Total (%)
S$250,000 to S$500,000						
Choo Boon Yong	Group Chief Financial Officer	66	31	3	–	100
Thet Hnin Yi	Group Finance Director	64	33	3	–	100
S$250,000 and below						
Tan Poh Lan[(1)]	Group Chief Operating Office	95	–	5	–	100
Jamie Woon Geok Peng	Group Director – Brand Development	72	22	6	–	100
Stella Lee Mei Suan	Group Director – Organisational Development	74	20	6	–	100
Tan Huiying	Group Director – Quality and Operations	73	20	7	–	100

(1) Ms Tan Poh Lan was appointed as ED and GCEO with effect from 28 February 2019.

For FY2019, the aggregate total remuneration paid to the top six (6) key management personnel, (excluding the ED and GCEO) amounts to S$1,563,000 (FY2018:S$3,180,000).

For FY2019, there was no termination, retirement and post-employment benefits granted to the Directors (including the ED and GCEO) and top six (6) key management personnel other than the standard contractual notice period termination payment in lieu of service in respect of management employees.

There are no employees of the Company who are immediate family members of a Director (including the ED and GCEO).

ACCOUNTABILITY AND AUDIT

Accountability

In presenting the annual and quarterly financial statements and announcements of financial results to shareholders, the Board aims to provide shareholders with a balanced and understandable assessment of the Company and the Group's performance, position and prospects.

In this regard, Management provides all Directors with detailed management accounts of the Company and the Group's performance, financial position and prospects on a timely basis.

Principle 9: Risk Management and Internal Controls

The Board is assisted by the ARC in the area of risk governance and in ensuring that Management implements and maintains a sound system of risk management and internal controls.

The ARC is responsible for making the necessary recommendations to the Board such that an opinion regarding the adequacy and effectiveness of the risk management and internal control systems of the Company can be made by the Board in the Annual Report of the Company according to requirements in the Listing Manual and Code.

For FY2019, the Board has received written assurance:-

(a) from the GCEO and Group CFO that, as at FY2019, the financial records of the Company have been properly maintained and the financial statements give a true and fair view of the Group's operations and finances; and

(b) from the GCEO, Group CFO, and other key management personnel who are responsible, regarding the adequacy and effectiveness of the Group's risk management and internal control systems in addressing key financial, operational, compliance, and information technology risks.

The Company maintains a system of internal controls for all companies within the Group, but recognises that no internal control system will preclude all errors and irregularities. The system is designed to manage rather than to eliminate the risk of failure to achieve business objectives. The controls are to provide reasonable, but not absolute assurance to safeguard shareholders' investments and the Group's assets.

Based on the internal controls established and maintained by the Group, work performed by the internal and external auditors, reviews performed by Management, various Board Committees and the Board, and the written assurances from the GCEO and Group CFO, the ARC and the Board are of the opinion that the Group's internal controls addressing key financial, operational, compliance and information technology controls, and risk management systems were adequate and effective for the financial year ended 31 December 2019.

Principle 10: Audit and Risk Committee

The ARC, regulated by a set of written terms of reference, comprises three (3) Directors, all of whom are Non-Executive and the majority of whom, including the Chairman of the ARC, are independent:-

Joseph Wong Wai Leung (Independent Director) (Chairman of the ARC)
Dr Ho Choon Hou (Board Vice-Chairman and Independent Director)
Wang Tongyan (Non-Independent Non-Executive Director) – Resigned on 12 December 2019
Fong Chi Wah (Non-Independent Non-Executive Director) – Appointed on 12 December 2019

The functions of the ARC include, amongst others:

1. reviewing significant financial reporting issues and judgments so as to ensure the integrity of the financial statements and any formal announcements relating to financial performance;

2. reviewing the scope and results of the audit and its cost-effectiveness, and the independence and objectivity of the external auditors;

3. reviewing, with the external auditors of the Company, the audit plan, the scope of work of the external auditors, the evaluation by the external auditors of the system of internal accounting controls, the external auditor's letter to Management and the Management's response, and the results of the audits conducted by the internal and external auditors;

4. reviewing the quarterly, half-yearly and annual financial statements and results announcements before submission to the Board for approval, focusing in particular, on changes in accounting policies and practices, major risk areas, significant adjustments resulting from the audit, the going concern statement, compliance with financial reporting standards as well as compliance with the Listing Manual and any other statutory/regulatory requirements;

5. reviewing the effectiveness and adequacies of the Group's internal controls and procedures, including accounting and financial controls and procedures and ensure coordination between the external auditors and the Management, reviewing the assistance given by the Management to the auditors, and discussing problems and concerns, if any, arising from the interim and final audits, and any matters which the auditors may wish to discuss (in the absence of Management where necessary);

6. reviewing any interested person transactions to ensure that procedures are followed in accordance with the internal control measures which the Group has adopted;

7. reviewing and discussing with the external auditors any suspected fraud or irregularity, or suspected infringement of any relevant laws, rules or regulations, which has or is likely to have a material impact on the Company's operating results or financial position, and the Management's response thereto;

8. commissioning of an audit of the internal control and accounting systems of the Group until such time the ARC is satisfied that the Group's internal controls are robust and effective enough to mitigate the Group's internal control weaknesses (if any);

9. making recommendations to the Board on the appointment or re-appointment of the external auditors and matters relating to resignation or dismissal of the auditors, and approving the remuneration and terms of engagement of the external auditors;

10. reviewing and approving transactions falling within the scope of Chapter 9 and Chapter 10 of the Listing Manual (if any);

11. reviewing any potential conflicts of interest;

12. reviewing the adequacy of potential business risk management processes;

13. reviewing and approving all hedging policies and instruments (if any) to be implemented by the Group;

14. undertaking such other reviews and projects as may be requested by the Board and report to the Board its findings from time to time on matters arising and requiring the attention of the ARC;

15. reviewing and establishing procedures for receipt, retention and treatment of whistleblowing report(s) received by the Group, which may relate to criminal offences involving the Group or its employees, questionable accounting, auditing, business, safety or other matters that impact negatively on the Group; and

16. generally to undertake such other functions and duties as may be required by any applicable laws, regulations, statutes and the Listing Manual, and by such amendments made thereto from time to time.

Apart from the duties listed above, the ARC is also authorised by the Board to investigate into any matter within its terms of reference or, where appropriate, review the findings of internal investigations into matters where there is any suspected fraud or irregularity, or failure of internal controls or infringement of any Singapore law, rules or regulations which has or is likely to have a material impact on the Group's operating results and/or financial position.

Each member of the ARC shall abstain from reviewing any particular transaction or voting on such resolution in respect of which he or she is or may be interested in.

The Board is of the view that all the members of the ARC are appropriately qualified to discharge their responsibilities. The ARC held four (4) meetings in FY2019. These meetings were attended by the GCEO, the Group CFO, the Group Finance Director, and the Group Assistant Finance Director of the Company at the invitation of the ARC. The Group's external auditors were also present at these meetings. The ARC has also held a private session each with the external auditor and internal auditor, without the presence of the Executive Director and Management.

The ARC has met with the Group's external auditor, Messrs KMPG LLP ("KPMG"), to discuss the results of KPMG's audit of the Group for FY2019 and the evaluation of the Group's system of internal controls. The ARC has also reviewed the Group's full-year results announcement, the financial statements of the Company and consolidated financial statements of the Group for FY2019 prior to its recommendation to the Board for approval.

The total amount of audit fees paid to KMPG during FY2019 was S$549,000 out of which S$509,000 was for audit services and S$40,000 was for non-audit services. Non-audit fees accounted for 7.3% of total audit fees in FY2019. The ARC, having reviewed the fees paid to KMPG for non-audit services, is satisfied with the independence and objectivity of KPMG as external auditor of the Group for FY2019.

To keep abreast of changes to the accounting standards and issues which have a direct impact on the Company's financial statements, the ARC members received updates from the external auditor at the quarterly ARC meetings and made efforts to attend courses and seminars relevant to their performance as members of the ARC, and where appropriate, at the expense of the Company.

Internal Audit

The Board recognises the importance of the internal audit function which, being independent of Management, is one of the principal means by which the ARC is able to carry out its responsibilities effectively. TRS Forensics Pte Ltd ("TRS") is the existing internal auditor of the Group. TRS primarily reports to the Chairman of the ARC and has unfettered access to all of the Group's documents, records, properties and personnel. The representatives from TRS who are in-charge of the internal audit of the Company are invited to the ARC Meeting to present their Internal Audit Report.

The ARC reviews the internal auditor on an annual basis, and is satisfied, based on the last review, that the internal audit function is adequately resourced with persons with the relevant qualifications and experience and has the appropriate standing within the Company. The internal auditor carries out its functions according to the International Standards for the Professional Practice of Internal Auditing.

The ARC will continue to assist the Board to review the effectiveness of the internal audit function annually with a view to improving and enhancing the Company's internal controls and risk management system.

The Company also has in place a whistleblowing policy. This policy provides well-defined and accessible channels in the Group through which employees may raise concerns about improper conduct within the Group. The Company has included whistleblowing as a standard agenda item for the quarterly ARC and Board meetings for the ARC and the Board to receive and discuss any whistleblowing reports or incidents.

COMMUNICATION WITH SHAREHOLDERS

Principle 11: Shareholder Rights and Conduct of General Meetings

The Company treats all shareholders fairly and equitably, and recognises, protects and facilitates the exercise of shareholder's rights. It aims to keep all shareholders and other stakeholders informed of its corporate activities, including changes which are likely to materially affect the price or value of its shares, on a timely and consistent manner.

Shareholders are also given the opportunity to participate effectively in and vote at general meetings of the Company, where relevant rules, including voting procedures are clearly communicated to the attendees. Shareholders are given sufficient notice to attend general meetings, at least not less than the notice period stipulated by the Companies Act, Cap. 50 and the Constitution of the Company. Corporations which provide nominee or custodial services are allowed to appoint more than two proxies, and other shareholders are allowed to appoint not more than two proxies to attend and participate at the Company's general meetings.

Conduct of Shareholders Meetings

The AGM is the principal forum for dialogue and interaction with all shareholders. The Board welcomes shareholders to voice their views and ask the Board questions regarding the Company and the Group at the AGM. A shareholder who is entitled to attend and vote at the AGM may either vote in person or vote by proxy by sending in the instrument of proxy at least forty-eight hours before the time of the general meeting.

The chairmen of the Board Committees and key management personnel are invited to attend the AGM of the Company and are present and available to address questions at general meetings. In addition, the external auditors of the Company are also present to address shareholders' queries about the conduct of the audit and the preparation and content of the auditors' report.

Each item of special business included in the notice of the meeting will be accompanied by an explanation of the effects of a proposed resolution. Unless the resolutions proposed at a meeting are interdependent and linked so as to form one significant proposal, separate resolutions shall be proposed for substantially separate issues at the meeting.

All the resolutions put to the vote at the forthcoming AGM would be voted on by poll and an announcement of the detailed results showing the number of votes cast for and against each resolution and the respective percentages will be released to the public via SGXNet.

The Company will also prepare minutes of general meetings that include substantial and relevant comments or queries from shareholders relating to the agenda of the meeting, and responses from the Board and Management, and will make such minutes or notes available to shareholders by posting it on the Company's website (http://cordlife.listedcompany.com) as soon as practicable.

MANAGING STAKEHOLDERS RELATIONSHIPS

Principle 13: Engagement with Stakeholders

The Company strives for timeliness and transparency in its disclosures to the shareholders and the public and is also committed to gathering the views of its shareholders and to address their concerns, where possible. In addition to the regular dissemination of information through SGXNet on a timely basis, the Company also responds to enquiries from investors, analysts, fund managers and the press. The Company currently does not have an investor relations policy but the Company has engaged an external investor relations firm to advise and assist the Company on matters relating to investor relations.

The GCEO and/or Group CFO meet with investors, fund managers and analysts and attend relevant investor roadshows regularly to gather feedback and understand their views on the Company.

The Company does not practise selective disclosure as all price-sensitive information is always released timely to all shareholders through SGXNet. In the event of any inadvertent disclosure made to a selected group, the Company makes the same disclosure publicly to all others as soon as practicable via SGXNet and through any other practicable means including the use of the Company's corporate website.

The Company does not have a dividend payment policy. In determining whether or not to pay an interim dividend or to recommend the payment of a final dividend, the Board will consider, amongst other things, the Company's expansion plans, existing projects and cash flow projections.

The Company's website acts as one of the main source of information for its stakeholders, especially for its clients In addition to business-related engagements on the Company's website, to reach out to shareholders beyond general meetings, the Company maintains a dedicated Investor Relations website at http://cordlife.listedcompany.com. Shareholders are able to retrieve corporate and financial information, regulatory filings, view the Company's IPO Prospectus, share information, AGM/EGM-related materials, corporate videos, news, and press releases.

ADDITIONAL INFORMATION

DEALINGS IN SECURITIES
[Listing Manual, Rule 1207(19)]

In line with Rule 1207(19) of the Listing Manual as well as insider trading laws in Singapore, the Company has in place a policy prohibiting share dealings by Directors and employees of the Company for two weeks before the announcement of the Company's first three quarter results and one month before the release of the Company's full-year financial results.

The Directors and employees are also expected to observe insider trading laws at all times, even when dealing in securities outside of the prohibited periods. In addition, the Directors, Management and officers of the Group are discouraged from dealing in the Company's securities on short-term considerations.

INTERESTED PERSON TRANSACTIONS
[Listing Manual, Rule 907]

There were no interested person transactions in FY2019.

MATERIAL CONTRACTS
[Listing Manual, Rule 1207(8)]

There were no material contracts of the Company or its subsidiaries involving the interest of the Chairman, the GCEO, the Director or controlling shareholder subsisting at the end of the financial year.

AUDITING FIRMS
[Listing Manual, Rule 1207(6)(c)]

The Group has complied with Rule 712 and Rule 715 in relation to auditing firms.

SUSTAINABILITY REPORTING

The Company considers relevant environmental, social, and governance ("ESG") risks and opportunities to strengthen our business sustainability. The Company will publish its Sustainability Report ("Sustainability Report") before 31 May 2020. The Report will share its management, performance and targets in relation to its material ESG factors. This Sustainability Report will be aligned to SGX-ST's Listing Rules – Sustainability Reporting Guide, and will be publicly accessible through the Company's website as well as on SGXNet. It should be read in conjunction with the Annual Report presented here.

USE OF PLACEMENT PROCEEDS
[Listing Manual, Rule 1207(20)]

As at 28 February 2020, the Group has utilised approximately S$24.3 million out of the approximately S$33.5 million raised from the Private Placement as follows:

Intended Use of Placement Proceeds	Estimated amount (S$ m)	Estimated percentage of gross proceeds raised from the Private Placement	Amount utilised (S$ 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%	16.5	49.3%
General working capital	8.6	25.7%	7.2	21.5%
Expenses incurred in connection with the Private Placement	1.4	4.2%	0.6	1.8%
	33.5	100.0%	24.3	72.6%

Note:

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

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

	Amount (S$ m)
Amount utilised as working capital:	
Trade purchases	7.1
Legal and professional fees	0.1
	7.2

FINANCIAL CONTENTS

DIRECTORS' STATEMENT

We are pleased to submit this annual report to the members of the Company together with the audited financial statements for the financial year ended 31 December 2019.

In our opinion:

(a) the financial statements set out on pages 51 to 132 are drawn up so as to give a true and fair view of the financial position of the Group and of the Company as at 31 December 2019 and the financial performance, changes in equity and cash flows of the Group and changes in equity of the Company for the year ended on that date in accordance with the provisions of the Singapore Companies Act, Chapter 50 and Singapore Financial Reporting Standards; and

(b) at the date of this statement, there are reasonable grounds to believe that the Company will be able to pay its debts as and when they fall due.

The Board of Directors has, on the date of this statement, authorised these financial statements for issue.

Directors

The directors in office at the date of this statement are as follows:

Dr Goh Jin Hian	
Dr Ho Choon Hou	
Ms Tan Poh Lan	
Mr Joseph Wong Wai Leung	
Mr Yeo Hwee Tiong	
Mr Fong Chi Wah	
Ms Wang Lin	(Appointed on 13 November 2019)
Mr Chang Chien	(Appointed on 12 December 2019)
Mr Zhai Lingyun	(Appointed on 12 December 2019)

Directors' interests

According to the register kept by the Company for the purposes of Section 164 of the Companies Act, Chapter 50 (the "Act"), particulars of interests of directors who held office at the end of the financial year (including those held by their spouses and infant children) in shares, debentures and share options in the Company and in related corporations are as follows:

	Direct interest		Deemed interest	
Name of directors and company in which interests are held	**Holdings at beginning of the year/date of appointment**	**Holdings at end of the year**	**Holdings at beginning of the year/date of appointment**	**Holdings at end of the year**
Cordlife Group Limited				
Ordinary shares				
Dr Ho Choon Hou	792,061	792,061	–	–
Tan Poh Lan	205,440	340,530	–	–
Share grants under Cordlife Share Grant Plan				
Tan Poh Lan	78,240	579,050	–	–

There was no change in any of the above-mentioned interests in the Company between the end of the financial year and 21 January 2020.

Except as disclosed in this statement, no director who held office at the end of the financial year had interests in shares, debentures or share options of the Company, or of its related corporations, either at the beginning of the financial year, or date of appointment if later, or at the end of the financial year.

Except as disclosed in this statement, neither at the end of nor at any time during the financial year was the Company a party to any arrangement whose objects are, or one of whose objectives is, to enable the Directors of the Company to acquire benefits by means of the acquisition of shares or debentures of the Company or any other body corporate.

Share Grant Plans

At an Extraordinary General Meeting held on 18 October 2013, the shareholders of the Company approved the Cordlife Share Grant Plan (the "Plan") for the award of rights (the "Awards") to participants of the Plan to receive ordinary shares of the Company. Persons eligible to participate in the Plan comprise key senior management and employees of the Company and Non-Executive Directors at the absolute discretion of the Remuneration Committee (the "RC").

The performance targets to be set under the Plan are intended to be based on longer-term corporate objectives covering market competitiveness, quality of returns, business growth and productivity growth. The vesting period of the Awards ranges from 1 to 3 years. The final number of shares awarded will depend on the achievement of pre-determined performance conditions at the end of the vesting period. No shares will be released if the threshold targets are not met at the end of the vesting period. On the other hand, if superior targets are met, more shares than the initial award could be delivered up to a maximum of 200% of the initial award. In addition, for a period of at least one year after the award of the shares, 50% of all shares awarded to the participants under the Plan may not be transferred or otherwise disposed of for a period of at least one year.

Details of the Plan are disclosed in Note 30 of the financial statements.

The RC administering the Plan comprises three Directors, Dr Goh Jin Hian, Mr Yeo Hwee Tiong and Mr Fong Chi Wah.

Details of the Awards of the Company pursuant to the Plan are as follows:

Grant date	Balance as at 1 January 2019	Grants during the financial year	Vested during the financial year	Cancelled during the financial year	Balance as at 31 December 2019
<u>Performance Share Award</u>					
27 November 2017	384,970	–	(384,970)	–	–
3 October 2018	1,064,200	–	(277,000)	(593,600)	193,600
12 December 2019	–	1,976,100	–	–	1,976,100
	1,449,170	1,976,100	(661,970)	(593,600)	2,169,700
<u>Deferred Share Award</u>					
15 April 2016	45,400	–	(45,400)	–	–

Since the commencement of the Plan till the end of the financial year:

- No participant has received 5% or more of the total Awards available under the Plan.
- No options have been granted to Directors and employees of the holding company and its subsidiaries.
- No options that entitle the holder to participate, by virtue of the options, in any share issue of any other corporation have been granted.
- No options have been granted at a discount.

Audit and Risk Committee

The audit and risk committee (the "ARC") carried out its functions in accordance with section 201B (5) of the Act, including the following:

- Reviews the audit plans of the internal and external auditors of the Company, and reviews the internal auditor's evaluation of the adequacy of the Company's system of internal accounting controls and the assistance given by the Company's management to the external and internal auditors;

- Reviews the quarterly and annual financial statements and the auditor's report on the annual financial statements of the Company before their submission to the Board of Directors;

- Reviews effectiveness of the Company's material internal controls, including financial, operational and compliance controls and risk management via reviews carried out by the internal auditors;

- Meets with the external auditor, other committees, and management in separate executive sessions to discuss any matters that these groups believe should be discussed privately with the ARC;

- Reviews legal and regulatory matters that may have a material impact on the financial statements, related compliance policies and programmes and any reports received from regulators;

- Reviews the cost-effectiveness and the independence and objectivity of the external auditor;

- Reviews the nature and extent of non-audit services provided by the external auditor;

- Recommends to the Board of Directors the external auditor to be nominated, approves the compensation of the external auditor, and reviews the scope and results of the audit;

- Reports actions and minutes of the ARC to the Board of Directors with such recommendations as the ARC considers appropriate; and

- Reviews interested person transactions in accordance with the requirements of the Singapore Exchange Securities Trading Limited's Listing Manual.

The ARC, having reviewed all non-audit services provided by the external auditor to the Group, is satisfied that the nature and extent of such services would not affect the independence of the external auditor. The ARC has also conducted a review of interested person transactions.

The ARC convened four meetings during the year with all members present. The ARC has also met with internal and external auditors, without the presence of the Company's management, at least once a year.

Further details regarding the ARC are disclosed in the Corporate Governance Report.

Auditors

The auditors, KPMG LLP, have indicated their willingness to accept re-appointment.

On behalf of the Board of Directors

Dr Goh Jin Hian
Chairman

Ms Tan Poh Lan
Director

Singapore
9 April 2020

INDEPENDENT
AUDITORS' REPORT

Members of the Company
Cordlife Group Limited

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Opinion

We have audited 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 2019, 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 on that date, and notes to the financial statements, including a summary of significant accounting policies, as set out on pages 51 to 132.

In our opinion, the accompanying consolidated financial statements of the Group and the statement of financial position and statement of changes in equity of the Company are properly drawn up in accordance with the provisions of the Companies Act, Chapter 50 (the "Act") and Singapore Financial Reporting Standards (International) ('SFRS (I)') so as to give a true and fair view of the consolidated financial position of the Group and the financial position of the Company as at 31 December 2019 and of the consolidated financial performance, consolidated changes in equity and consolidated cash flows of the Group and the changes in equity of the Company for the year ended on that date.

Basis for opinion

We conducted our audit in accordance with Singapore Standards on Auditing ('SSAs'). Our responsibilities under those standards are further described in the *'Auditors' responsibilities for the audit of the financial statements' section* of our report. 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. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current year. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Revenue recognition amounting to $61,579,000 (Refer to Note 4 to the financial statements)	
The key audit matter	*How the matter was addressed in our audit*
The Group enters into long-term cord blood, cord lining and cord tissue banking service contracts with tenure ranging from 18 to 25 years. For each contract, the Group has identified several performance obligations. Revenue is allocated to each performance obligation based on the expected costs plus an appropriate margin. Significant management judgements have been applied in the inputs to the cost model in deriving the expected total costs to be incurred; and to determine the margin for each performance obligations.	We considered the terms of the key contracts and the appropriateness of the revenue recognition policies. We tested the effectiveness of key controls over revenue recognition and reconciliation. Our substantive procedures included the following: ● Assessed the reasonableness of management's estimation of the total cost of the contracts, including retrospective review of estimates made in prior period. ● Assessed the reasonableness of the margin used in allocating revenue to reach performance obligation. ● Recomputed the amount of revenue to be recognised for the year for selected samples. We noted that management's identification of performance obligations and allocation of revenue to each performance obligations were reasonable.

Impairment assessment of goodwill amounting to $27,735,000 (Refer to Note 13 to the financial statements)	
The key audit matter	*How the matter was addressed in our audit*
The Group has recognised a significant amount of goodwill, arising from the Group's acquisition of Stemlife Berhad and its subsidiaries and Healthbaby Biotech (Hong Kong) Co., Limited and its subsidiary. These entities have been identified as separate cash generating units (CGUs). Management has assessed the recoverable amounts of the CGUs calculated based on their value-in-use, using discounted cash flow forecasts in which the management made judgements over certain key inputs in relation to cash flows and discount rates. The Group did not recognise impairment loss on goodwill during the year.	Our review of the impairment assessment by management included the following: ● Assessed the appropriateness of the determination of CGUs. ● Assessed the appropriateness and reasonableness of the methodology used to estimate the recoverable amount, and key assumptions including cash flows and discount rates used by management. Based on the procedures performed, we are satisfied that the value-in-use amounts are in excess of the carrying amounts, and no impairment is required. We also noted that the Group's disclosures in the financial statements were appropriate.

Other information

Management is responsible for the other information contained in the annual report. Other information is defined as all information in the annual report other than the financial statements and our auditors' report thereon.

We have obtained all other information prior to the date of this auditors' report.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

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 Act and 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.

Auditors' responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with SSAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls.

- Obtain an understanding of internal controls relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal controls.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal controls that we identify during our audit.

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditors' report unless the law or regulations preclude public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on other legal and regulatory requirements

In our opinion, 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 auditors have been properly kept in accordance with the provisions of the Act.

The engagement partner on the audit resulting in this independent auditors' report is Quek Shu Ping.

KPMG LLP
Public Accountants and
Chartered Accountants

Singapore
9 April 2020

CONSOLIDATED STATEMENT OF **COMPREHENSIVE INCOME**

for the financial year ended 31 December 2019

	Note	Year ended 31/12/2019 $'000	Period from 01/07/2017 to 31/12/2018 $'000 (restated)
Revenue	4	61,579	90,497
Cost of sales		(21,889)	(34,070)
Gross profit		39,690	56,427
Other operating income	5	889	1,442
Selling and marketing expenses		(21,917)	(32,204)
Administrative expenses		(21,211)	(34,188)
Finance income	6	10,366	14,025
Finance costs	6	(311)	(326)
Profit before income tax from operations		7,506	5,176
Fair value (loss)/gain on investment properties		(326)	316
Gain on financial asset at fair value through profit or loss	14	945	–
Profit before income tax		8,125	5,492
Tax expense	8	(1,663)	(2,822)
Profit for the year/period	7	6,462	2,670
Other comprehensive (loss)/income:			
Items that are or may be reclassified subsequently to profit or loss			
Foreign currency translation		(311)	214
Fair value gain arising from revaluation of available-for-sale financial asset		–	6
Other comprehensive (loss)/income for the year/period, net of tax		(311)	220
Total comprehensive income for the year/period		6,151	2,890
Profit/(loss) for the year/period attributable to:			
Owners of the Company		6,471	2,665
Non-controlling interests		(9)	5
		6,462	2,670
Total comprehensive income/(loss)for the year/period attributable to:			
Owners of the Company		6,160	2,890
Non-controlling interests		(9)	–
		6,151	2,890
Earnings per share (cents per share):			
Basic	9	2.55	1.05
Diluted	9	2.54	1.05

The accompanying notes form an integral part of these financial statements

STATEMENTS OF
FINANCIAL POSITION
as at 31 December 2019

		Group			Company		
		31/12/2019	31/12/2018	01/07/2017	31/12/2019	31/12/2018	01/07/2017
	Note	$'000	$'000	$'000	$'000	$'000	$'000
			(restated)	(restated)		(restated)	(restated)
Non-current assets							
Property, plant and equipment	11	16,094	12,718	13,062	7,247	6,136	6,732
Investment properties	12	7,730	8,717	8,256	2,325	2,975	2,880
Intangible assets	13	33,410	34,258	13,513	919	1,049	1,552
Deferred tax assets	24	100	146	–	–	–	–
Investment in subsidiaries	29	–	–	–	62,845	83,710	58,710
Investment in associate	10	–	–	–	–	–	–
Long-term investments	14	9,531	6,178	6,176	9,531	4,200	4,200
Contract assets	4	69,680	66,981	62,738	45,006	45,081	44,532
Other receivables	16	130	53	4,211	4	7	4,211
Fixed deposits	20	5,466	–	–	–	–	–
		142,141	129,051	107,956	127,877	143,158	122,817
Current assets							
Inventories	17	1,343	1,358	1,279	239	294	376
Prepayments		2,130	2,700	1,760	941	813	836
Trade receivables	15	24,044	27,748	23,894	10,796	10,887	9,450
Other receivables	16	3,790	6,517	1,899	906	4,766	463
Tax recoverable		2,313	2,037	330	63	63	185
Amounts owing by subsidiaries	18	–	–	–	19,157	16,936	14,533
Short-term investments	19	13,938	29,005	22,261	–	–	–
Fixed deposits	20	8,964	3,355	11,778	–	–	10,747
Pledged fixed deposits	20	10,824	6	258	–	–	–
Cash and cash equivalents	21	14,784	10,910	26,527	5,540	5,181	18,404
		82,130	83,636	89,986	37,642	38,940	54,994
Total assets		224,271	212,687	197,942	165,519	182,098	177,811
Current liabilities							
Trade and other payables	22	15,936	13,969	11,247	5,381	3,480	3,197
Amount owing to subsidiaries	18	–	–	–	9,047	7,632	16,733
Interest-bearing borrowings	23	302	295	2,118	302	295	2,118
Lease liabilities		1,138	–	–	265	–	–
Contract liabilities	4	5,924	3,758	8,082	3,754	3,769	3,688
Tax payable		1,767	2,104	1,244	–	–	–
		25,067	20,126	22,691	18,749	15,176	25,736
Net current asset		57,063	63,510	67,295	18,893	23,764	29,258

The accompanying notes form an integral part of these financial statements

	Note	Group 31/12/2019 $'000	Group 31/12/2018 $'000 (restated)	Group 01/07/2017 $'000 (restated)	Company 31/12/2019 $'000	Company 31/12/2018 $'000 (restated)	Company 01/07/2017 $'000 (restated)
Non-current liabilities							
Other payables	22	429	294	200	–	–	4
Amount owing to subsidiaries	18	–	–	–	13,628	35,565	–
Interest-bearing borrowings	23	3,996	4,310	6,613	3,996	4,310	6,613
Lease liabilities		1,354	–	–	470	–	–
Contract liabilities	4	58,942	58,338	35,561	15,595	14,896	13,381
Deferred tax liabilities	24	5,211	5,856	2,857	15	15	15
		69,932	68,798	45,231	33,704	54,786	20,013
Total liabilities		94,999	88,924	67,922	52,453	69,962	45,749
Net assets		129,272	123,763	130,020	113,066	112,136	132,062
Equity attributable to owners of the Company							
Share capital	25	95,994	96,379	96,666	95,994	96,379	96,666
Treasury shares	25	(14,700)	(15,469)	(9,766)	(14,700)	(15,469)	(9,766)
Accumulated profits		61,563	56,207	56,826	30,653	30,303	44,366
Other reserves	26	(13,708)	(13,486)	(13,838)	1,119	923	796
		129,149	123,631	129,888	113,066	112,136	132,062
Non-controlling interests		123	132	132	–	–	–
Total equity		129,272	123,763	130,020	113,066	112,136	132,062
Total equity and liabilities		224,271	212,687	197,942	165,519	182,098	177,811

The accompanying notes form an integral part of these financial statements

CONSOLIDATED STATEMENT OF
CHANGES IN EQUITY

for the financial year ended 31 December 2019

Group	Note	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 equity $'000
At 1 July 2017		96,666	(9,766)	52,088	374	568	534	(11,740)	–	(3,563)	169	125,330
Adjustment on initial application of SFRS(I) 15 (net of tax)	38	–	–	4,738	–	–	–	–	–	(11)	(37)	4,690
Adjusted balance at 1 July 2017		96,666	(9,766)	56,826	374	568	534	(11,740)	–	(3,574)	132	130,020
Total comprehensive income/(loss) for the period												
Profit for the period		–	–	2,665	–	–	–	–	–	–	5	2,670
Other comprehensive income/(loss)												
Foreign currency translation		–	–	–	–	–	–	–	–	219	(5)	214
Fair value gain arising from revaluation of available-for-sale financial asset		–	–	–	–	–	–	–	6	–	–	6
Total comprehensive income for the period		–	–	2,665	–	–	–	–	6	219	–	2,890
Transactions with owners, recognised directly in equity												
Contributions by and distributions to owners												
Purchase of treasury shares	25	–	(6,675)	–	–	–	–	–	–	–	–	(6,675)
Grant of share awards to employees		–	–	–	812	–	–	–	–	–	–	812
Reissuance of treasury shares pursuant to equity compensation plan	25	(287)	972	–	(685)	–	–	–	–	–	–	–
Dividends	35	–	–	(3,284)	–	–	–	–	–	–	–	(3,284)
		(287)	(5,703)	(3,284)	127	–	–	–	–	–	–	(9,147)
At 31 December 2018		96,379	(15,469)	56,207	501	568	534	(11,740)	6	(3,355)	132	123,763

The accompanying notes form an integral part of these financial statements

Group	Note	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 equity $'000
At 1 January 2019		96,379	(15,469)	56,207	501	568	534	(11,740)	6	(3,355)	132	123,763
Adjustment on initial application of SFRS(I) 9 and SFRS(I) 16 (net of tax)		–	–	(102)	–	–	–	–	(6)	(101)	–	(209)
Adjusted balance at 1 January 2019		96,379	(15,469)	56,105	501	568	534	(11,740)	–	(3,456)	132	123,554
Total comprehensive income/(loss) for the year												
Profit for the year		–	–	6,471	–	–	–	–	–	–	(9)	6,462
Other comprehensive loss												
Foreign currency translation		–	–	–	–	–	–	–	–	(311)	–	(311)
Total comprehensive income/(loss) for the year		–	–	6,471	–	–	–	–	–	(311)	(9)	6,151
Transactions with owners, recognised directly in equity												
Contributions by and distributions to owners												
Grant of share awards to employees		–	–	–	580	–	–	–	–	–	–	580
Reissuance of treasury shares pursuant to equity compensation plan	25	(385)	769	–	(384)	–	–	–	–	–	–	–
Dividends	35	–	–	(1,013)	–	–	–	–	–	–	–	(1,013)
Total contributions by and distributions to owners		(385)	769	(1,013)	196	–	–	–	–	–	–	(433)
At 31 December 2019		95,994	(14,700)	61,563	697	568	534	(11,740)	–	(3,767)	123	129,272

The accompanying notes form an integral part of these financial statements

STATEMENT OF **CHANGES IN EQUITY**

for the financial year ended 31 December 2019

Company	Note	Share capital $'000	Treasury shares $'000	Accumulated profits $'000	Capital reserve $'000	Share-based compensation reserve $'000	Total equity $'000
At 1 July 2017		96,666	(9,766)	45,267	422	374	132,963
Adjustment on initial application of SFRS(I) 15 (net of tax)	38	–	–	(901)	–	–	(901)
Adjusted balance at 1 July 2017		96,666	(9,766)	44,366	422	374	132,062
Total comprehensive loss for the period							
Loss for the period		–	–	(10,779)	–	–	(10,779)
Total comprehensive loss for the period		–	–	(10,779)	–	–	(10,779)
Transactions with owners, recognised directly in equity							
Contributions by and distributions to owners							
Purchase of treasury shares	25	–	(6,675)	–	–	–	(6,675)
Grant of share awards to employees		–	–	–	–	812	812
Reissuance of treasury shares pursuant to equity compensation plan	25	(287)	972	–	–	(685)	–
Dividends	35	–	–	(3,284)	–	–	(3,284)
Total contributions by and distributions to owners		(287)	(5,703)	(3,284)	–	127	(9,147)
At 31 December 2018		96,379	(15,469)	30,303	422	501	112,136
At 1 January 2019		96,379	(15,469)	30,303	422	501	112,136
Adjustment on initial application of SFRS(I) 9 and SFRS(I) 16 (net of tax)		–	–	(2)	–	–	(2)
Adjusted balance at 1 January 2019		96,379	(15,469)	30,301	422	501	112,134
Total comprehensive income for the year							
Profit for the year		–	–	1,365	–	–	1,365
Total comprehensive income for the year		–	–	1,365	–	–	1,365
Transactions with owners, recognised directly in equity							
Contributions by and distributions to owners							
Grant of share awards to employees		–	–	–	–	580	580
Reissuance of treasury shares pursuant to equity compensation plan	25	(385)	769	–	–	(384)	–
Dividends	35	–	–	(1,013)	–	–	(1,013)
Total contributions by and distributions to owners		(385)	769	(1,013)	–	196	(433)
At 31 December 2019		95,994	(14,700)	30,653	422	697	113,066

The accompanying notes form an integral part of these financial statements

CONSOLIDATED STATEMENT OF **CASH FLOWS**

for the financial year ended 31 December 2019

	Note	Year ended 31/12/2019 $'000	Period from 01/07/2017 to 31/12/2018 $'000 (restated)
Cash flows from operating activities			
Profit before income tax		8,125	5,492
Adjustments for:			
Depreciation of property, plant and equipment	11	3,064	2,674
Amortisation of intangible assets	13	1,220	1,824
Impairment loss on trade and non-trade receivables and bad debts written off, net		943	1,691
Loss/(gain) on disposal of property, plant and equipment, net		16	(11)
Interest income	6	(10,366)	(14,025)
Interest expense	6	311	326
Share-based compensation expense		580	812
Fair value loss/(gain) on investment properties	12	326	(316)
Investment income		(392)	(358)
Gain on financial asset at fair value through profit or loss		(945)	–
Unrealised exchange (gain)/loss		(159)	1,195
		2,723	(696)
Changes in:			
Trade receivables		2,669	(6,066)
Contract assets		(2,698)	(4,774)
Other receivables and prepayments		(1,209)	(1,255)
Inventories		15	(29)
Trade and other payables		2,712	702
Lease liabilities		(1,623)	–
Contract liabilities		3,568	10,905
Cash generated from/(used in) operations		6,157	(1,213)
Interest received		9,109	13,595
Interest paid		(140)	(326)
Income tax paid		(3,516)	(1,847)
Net cash from operating activities		11,610	10,209

The accompanying notes form an integral part of these financial statements

CONSOLIDATED STATEMENT OF
CASH FLOWS

for the financial year ended 31 December 2019

	Note	Year ended 31/12/2019	Period from 01/07/2017 to 31/12/2018
		$'000	$'000
			(restated)
Cash flows from investing activities			
Purchase of property, plant and equipment		(1,499)	(2,128)
Purchase of intangible assets		(561)	(671)
Proceeds from disposal of fixed assets		48	18
Redemption/(placement) of short-term investments		15,794	(6,190)
Redemption of long-term investments		1,978	–
Acquisition of a subsidiary, net of cash	29(a)	–	(8,813)
Transfer from fixed deposits, net		(10,910)	8,531
Net cash from/(used in) investing activities		4,850	(9,253)
Cash flows from financing activities			
Transfer (to)/from pledged fixed deposits		(10,817)	203
Purchase of treasury shares	25(b)	–	(6,675)
Repayment of interest-bearing borrowings	23	(307)	(6,863)
Dividends paid	35	(1,013)	(3,284)
Cash flows used in financing activities		(12,137)	(16,619)
Net increase/(decrease) in cash and cash equivalents		4,323	(15,663)
Cash and cash equivalents at beginning of the year/period		10,910	26,527
Effects of exchange rate changes on the balance of cash and cash equivalents		(449)	46
Cash and cash equivalents at end of the year/period		14,784	10,910

The accompanying notes form an integral part of these financial statements

These notes form an integral part of the financial statements.

The financial statements were authorised for issue by the Board of Directors on 9 April 2020.

1 Domicile and activities

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").

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 disclosed in Note 29 to the financial statements.

The financial statements of the Group comprise the Company and its subsidiaries (together referred to as the 'Group' and individually as 'Group entities') and the Group's interest in equity-accounted investees.

On 8 June 2018, the Company changed its financial year end from 30 June to 31 December. Accordingly, the comparative financial period covers a period of 18 months from 1 July 2017 to 31 December 2018. The change will enable the Company to align its financial year end to meet the overall reporting and consolidation calendar of its major shareholder.

2 Basis of preparation

2.1 Statement of compliance

The financial statements have been prepared in accordance with the Singapore Financial Reporting Standards (International) ("SFRS(I)"). These are the Group's first financial statements prepared in accordance with SFRS(I) and SFRS(I) 1 *First-time Adoption of Singapore Financial Reporting Standards (International)* has been applied.

In the previous financial years, the financial statements were prepared in accordance with Financial Reporting Standards in Singapore ("FRS"). An explanation of how the transition to SFRS(I) and application of SFRS(I) 9, SFRS(I) 15 and SFRS(I) 16 have affected the reported financial position, financial performance and cash flows is provided in Note 38.

2.2 Basis of measurement

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

2.3 Functional and presentation currency

These 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.

2.4 Use of estimates and judgements

The preparation of the 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.

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.

2 Basis of preparation (cont'd)

2.4 Use of estimates and judgements (cont'd)

Information about assumptions and estimation uncertainties that have a significant risk of resulting in a material adjustment within the next financial year are included in the following notes:

- Note 4 – revenue recognition: whether revenue from rendering of cord blood, cord lining and cord tissue banking services is recognised over time or point in time
- Note 12 – fair value of investment properties: determination of fair value of investment properties based on the valuation technique and significant unobservable inputs
- Note 13 – impairment of non-financial assets: key assumptions used in discounted cash flow projections for the recoverable amounts
- Note 32(i) – measurement of expected credit loss allowance for trade and other receivables and contract assets: key assumptions in determining the weighted-average loss rate

3 Significant accounting policies

The accounting policies set out below have been applied consistently to all periods presented in these financial statements and in preparing the opening SFRS(I) statements of financial position at 1 July 2017 for the purposes of the transition to SFRS(I), unless otherwise indicated.

3.1 Basis of consolidation

(i) Business combinations

Business combinations are accounted for using the acquisition method in accordance with SFRS(I) 3 *Business Combination* as at the date of acquisition, which is the date on which control is transferred to the Group.

The Group measures goodwill at the date of acquisition as:

- the fair value of the consideration transferred; plus
- the recognised amount of any non-controlling interests ("NCI") in the acquiree; plus
- if the business combination is achieved in stages, the fair value of the pre-existing equity interest in the acquiree,

over the net recognised amount (generally fair value) of the identifiable assets acquired and liabilities assumed. Any goodwill that arises is tested annually for impairment.

When the excess is negative, a bargain purchase gain is recognised immediately in profit or loss.

The consideration transferred does not include amounts related to the settlement of pre-existing relationships. Such amounts are generally recognised in profit or loss.

NCI that are present ownership interests and entitle their holders to a proportionate share of the acquiree's net assets in the event of liquidation are measured either at fair value or at the NCI's proportionate share of the recognised amounts of the acquiree's identifiable net assets, at the date of acquisition. The measurement basis taken is elected on a transaction-by-transaction basis. All other NCI are measured at acquisition-date fair value, unless another measurement basis is required by SFRS(I).

Costs related to the acquisition, other than those associated with the issue of debt or equity securities, that the Group incurs in connection with a business combination are expensed as incurred.

3 Significant accounting policies (cont'd)

3.1 Basis of consolidation (cont'd)

(i) Business combinations (cont'd)

Changes in the Group's interest in a subsidiary that do not result in a loss of control are accounted for as transactions with owners in their capacity as owners and therefore no adjustments are made to goodwill and no gain or loss is recognised in profit or loss. Adjustments to NCI arising from transactions that do not involve the loss of control are based on a proportionate amount of the net assets of the subsidiary.

Acquisitions before 1 July 2017

As part of transition to SFRS(I), the Group elected not to restate those business combinations that occurred before the date of transition to SFRS(I), i.e. 1 July 2017. Goodwill arising from acquisitions before 1 July 2017 has been carried forward from the previous FRS framework as at the date of transition.

(ii) Subsidiaries

Subsidiaries are entities controlled by the Group. The Group controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the investee. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases.

The accounting policies of subsidiaries have been changed when necessary to align them with the policies adopted by the Group. Losses applicable to the NCI in a subsidiary are allocated to the NCI even if doing so causes the NCI to have a deficit balance.

(iii) Loss of control

Upon the loss of control, the Group derecognises the assets and liabilities of the subsidiary, any NCI and the other components of equity related to the subsidiary. Any surplus or deficit arising on the loss of control is recognised in profit or loss. If the Group retains any interest in the previous subsidiary, then such interest is measured at fair value at the date that control is lost. Subsequently, it is accounted for as an equity-accounted investee or as a financial asset at fair value through other comprehensive income ("FVOCI") depending on the level of influence retained.

(iv) Investments in associate

An associate is an entity over which the Group has significant influence, but not control or joint control, over the financial and operating policies of the entity. Significant influence is presumed to exist when the Group holds 20% or more of the voting power of another entity.

Investment in associate is accounted for using the equity method. They are recognised initially at cost, which includes transaction costs. Subsequent to initial recognition, the consolidated financial statements include the Group's share of the profit or loss and other comprehensive income ("OCI") of equity-accounted investees, after adjustments to align the accounting policies with those of the Group, from the date that significant influence or joint control commences until the date that significant influence or joint control ceases.

When the Group's share of losses exceeds its interest in the equity-accounted associate, the carrying amount of the investment, together with any long-term interests that form part thereof, is reduced to zero, and the recognition of further losses is discontinued except to the extent that the Group has an obligation to fund the investee's operations or has made payments on behalf of the investee.

(v) Transaction eliminated on consolidation

Intra-group balances and transactions, and any unrealised income and expenses arising from intra-group transactions, are eliminated in preparing the consolidated financial statements. Unrealised gains arising from transactions with equity-accounted investees are eliminated against the investment to the extent of the Group's interest in the investee. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment.

3 Significant accounting policies (cont'd)

3.1 Basis of consolidation (cont'd)

(vi) Subsidiaries, associates and joint ventures in the separate financial statements

Investments in subsidiaries, associates and joint ventures are stated in the Company's statement of financial position at cost less accumulated impairment losses.

3.2 Foreign currency

(i) Foreign currency transactions

Transactions in foreign currencies are translated to the respective functional currencies of the Group entities at exchange rates at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies at the reporting date are translated to the functional currency at the exchange rate at that date. The foreign currency gain or loss on monetary items is the difference between amortised cost in the functional currency at the beginning of the year, adjusted for effective interest and payments during the year, and the amortised cost in foreign currency translated at the exchange rate at the end of the year.

Non-monetary assets and liabilities denominated in foreign currencies that are measured at fair value are translated to the functional currency at the exchange rate at the date that the fair value was determined. Non-monetary items in a foreign currency that are measured in terms of historical cost are translated using the exchange rate at the date of the transaction. Foreign currency differences arising on translation are recognised in profit or loss. However, foreign currency differences arising on the translation of equity investment designated as at FVOCI (2018: available-for-sale equity instruments), except on impairment in which case foreign currency differences that have been recognised in OCI are reclassified to profit or loss, are recognised in OCI.

(ii) Foreign operations

The assets and liabilities of foreign operations, excluding goodwill and fair value adjustments arising on acquisition, are translated to Singapore dollars at exchange rates at the reporting date. The income and expenses of foreign operations are translated to Singapore dollars at exchange rates at the dates of the transactions.

Foreign currency differences are recognised in OCI, and presented in the foreign currency translation reserve ("translation reserve") in equity. However, if the foreign operation is a non-wholly-owned subsidiary, then the relevant proportionate share of the translation difference is allocated to the NCI. 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. When the Group disposes of only part of its interest in a subsidiary that includes a foreign operation while retaining control, the relevant proportion of the cumulative amount is reattributed to NCI. When the Group disposes of only part of its investment in an associate or joint venture that includes a foreign operation while retaining significant influence or joint control, the relevant proportion of the cumulative amount is reclassified to profit or loss.

When the settlement of a monetary item receivable from or payable to a foreign operation is neither planned nor likely to occur in the foreseeable future, foreign exchange gains and losses arising from such a monetary item that are considered to form part of a net investment in a foreign operation are recognised in OCI, and are presented in the translation reserve in equity.

3.3 Financial instruments

(i) Recognition

Non-derivative financial assets and financial liabilities

Trade receivables issued are initially recognised when they are originated. All other financial assets and financial liabilities are initially recognised when the Group becomes a party to the contractual provisions of the instrument.

3 Significant accounting policies (cont'd)

3.3 Financial instruments (cont'd)

(i) Recognition (cont'd)

Non-derivative financial assets and financial liabilities (cont'd)

A financial asset (unless it is a trade receivable without a significant financing component) or financial liability is initially measured at fair value plus, for an item not at fair value through profit or loss ("FVTPL"), transaction costs that are directly attributable to its acquisition or issue. A trade receivable without a significant financing component is initially measured at the transaction price.

(ii) Classification and subsequent measurement

Non-derivative financial assets – Policy applicable from 1 January 2019

On initial recognition, a financial asset is classified as measured at: amortised cost; or FVTPL.

Financial assets are not reclassified subsequent to their initial recognition unless the Group changes its business model for managing financial assets, in which case all affected financial assets are reclassified on the first day of the first reporting period following the change in the business model.

Financial assets at amortised cost

A financial asset is measured at amortised cost if it meets both of the following conditions and is not designated as at FVTPL:

- it is held within a business model whose objective is to hold assets to collect contractual cash flows and

- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Equity instruments at FVOCI

On initial recognition of an equity investment that is not held-for-trading, the Group may irrevocably elect to present subsequent changes in the investment's fair value in OCI. This election is made on an investment-by-investment basis.

Financial assets at FVTPL

All financial assets not classified as measured at amortised cost or FVOCI as described above are measured at FVTPL. On initial recognition, the Group may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortised cost or as at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

Financial assets: Business model assessment – Policy applicable from 1 January 2019

The Group makes an assessment of the objective of the business model in which a financial asset is held at a portfolio level because this best reflects the way the business is managed and information is provided to management. The information considered includes:

- the stated policies and objectives for the portfolio and the operation of those policies in practice. These include whether management's strategy focuses on earning contractual interest income, maintaining a particular interest rate profile, matching the duration of the financial assets to the duration of any related liabilities or expected cash outflows or realising cash flows through the sale of the assets;

- how the performance of the portfolio is evaluated and reported to the Group's management;

3 Significant accounting policies (cont'd)

3.3 Financial instruments (cont'd)

(ii) Classification and subsequent measurement (cont'd)

Financial assets: Business model assessment – Policy applicable from 1 January 2019 (cont'd)

- the risks that affect the performance of the business model (and the financial assets held within that business model) and how those risks are managed;
- how managers of the business are compensated – e.g. whether compensation is based on the fair value of the assets managed or the contractual cash flows collected; and
- the frequency, volume and timing of sales of financial assets in prior periods, the reasons for such sales and expectations about future sales activity.

Transfers of financial assets to third parties in transactions that do not qualify for derecognition are not considered sales for this purpose, consistent with the Group's continuing recognition of the assets.

Financial assets that are managed and whose performance are evaluated on a fair value basis are measured at FVTPL.

Non-derivative financial assets: Assessment whether contractual cash flows are solely payments of principal and interest – Policy applicable from 1 January 2019

For the purposes of this assessment, 'principal' is defined as the fair value of the financial asset on initial recognition. 'Interest' is defined as consideration for the time value of money and for the credit risk associated with the principal amount outstanding during a particular period of time and for other basic lending risks and costs (e.g. liquidity risk and administrative costs), as well as a profit margin.

In assessing whether the contractual cash flows are solely payments of principal and interest, the Group considers the contractual terms of the instrument. This includes assessing whether the financial asset contains a contractual term that could change the timing or amount of contractual cash flows such that it would not meet this condition. In making this assessment, the Group considers:

- contingent events that would change the amount or timing of cash flows;
- terms that may adjust the contractual coupon rate, including variable rate features;
- prepayment and extension features; and
- terms that limit the Group's claim to cash flows from specified assets (e.g. non-recourse features).

A prepayment feature is consistent with the solely payments of principal and interest criterion if the prepayment amount substantially represents unpaid amounts of principal and interest on the principal amount outstanding, which may include reasonable additional compensation for early termination of the contract. Additionally, for a financial asset acquired at a significant discount or premium to its contractual par amount, a feature that permits or requires prepayment at an amount that substantially represents the contractual par amount plus accrued (but unpaid) contractual interest (which may also include reasonable additional compensation for early termination) is treated as consistent with this criterion if the fair value of the prepayment feature is insignificant at initial recognition.

Non-derivative financial assets: Subsequent measurement and gains and losses – Policy applicable from 1 January 2019

Financial assets at FVTPL

These assets are subsequently measured at fair value. Net gains and losses, including any interest or dividend income, are recognised in profit or loss.

3 Significant accounting policies (cont'd)

3.3 Financial instruments (cont'd)

(ii) Classification and subsequent measurement (cont'd)

Financial assets at amortised cost

These assets are subsequently measured at amortised cost using the effective interest method. The amortised cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognised in profit or loss. Any gain or loss on derecognition is recognised in profit or loss.

Equity investments at FVOCI

These assets are subsequently measured at fair value. Dividends are recognised as income in profit or loss unless the dividend clearly represents a recovery of part of the cost of the investment. Other net gains and losses are recognised in OCI and are never reclassified to profit or loss.

Non-derivative financial assets – Policy applicable before 1 January 2019

The Group classifies non-derivative financial assets into the following categories: financial assets at fair value through profit or loss, loans and receivables and available-for-sale financial assets.

Non-derivative financial assets: Subsequent measurement and gains and losses – Policy applicable before 1 January 2019

Financial assets at FVTPL

A financial asset was classified at fair value through profit or loss if it was classified as held-for-trading or was designated as such upon initial recognition. Financial assets were designated at fair value through profit or loss if the Group managed such investments and made purchase and sale decisions based on their fair value in accordance with the Group's documented risk management or investment strategy. Directly attributable transaction costs were recognised in profit or loss as incurred. Financial assets at FVTPL were measured at fair value, and changes therein, which took into account any dividend income, were recognised in profit or loss.

Financial assets classified as held-for-trading comprised equity securities actively managed by the Group's treasury department to address short-term liquidity needs.

Financial assets designated at fair value through profit or loss comprised equity securities that otherwise would have been classified as available-for-sale.

Loans and receivables

Loans and receivables were financial assets with fixed or determinable payments that were not quoted in an active market. Such assets are initially measured at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, loans and receivables were measured at amortised cost using the effective interest method, less any impairment losses.

Loans and receivables comprised cash and cash equivalents, and trade and other receivables.

Available-for-sale financial assets

Available-for-sale financial assets were non-derivative financial assets that were designated as available-for-sale or were not classified in any of the above categories of financial assets. Available-for-sale financial assets are initially measured at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, they were measured at fair value and changes therein, other than impairment losses and foreign currency differences on available-for-sale debt instruments, were recognised in OCI and presented in the fair value reserve in equity. When these amounts were derecognised, the gain or loss accumulated in equity is reclassified to profit or loss.

Available-for-sale financial assets comprised equity securities and investments in money market funds.

3 Significant accounting policies (cont'd)

3.3 Financial instruments (cont'd)

(ii) Classification and subsequent measurement (cont'd)

Non-derivative financial liabilities: Classification, subsequent measurement and gains and losses

Financial liabilities are classified as measured at amortised cost. These financial liabilities are initially measured at fair value less directly attributable transaction costs. They are subsequently measured at amortised cost using the effective interest method. These financial liabilities comprised interest-bearing borrowings and trade and other payables.

(iii) *Derecognition*

Financial assets

The Group derecognises a financial asset when the contractual rights to the cash flows from the financial asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all the risks and rewards of ownership of the financial asset are transferred or in which the Group neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset.

Financial liabilities

The Group derecognises a financial liability when its contractual obligations are discharged or cancelled, or expire. The Group also derecognises a financial liability when its terms are modified and the cash flows of the modified liability are substantially different, in which case a new financial liability based on the modified terms is recognised at fair value.

On derecognition of a financial liability, the difference between the carrying amount extinguished and the consideration paid (including any non-cash assets transferred or liabilities assumed) is recognised in profit or loss.

(iv) *Offsetting*

Financial assets and financial liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Group currently has a legally enforceable right to set off the amounts and it intends either to settle them on a net basis or to realise the asset and settle the liability simultaneously.

(v) *Cash and cash equivalents*

Cash and cash equivalents comprise cash balances and short-term deposits with maturities of three months or less from the acquisition date that are subject to an insignificant risk of changes in their fair value, and are used by the Group in the management of its short-term commitments.

(vi) *Share capital*

Ordinary shares

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of ordinary shares are recognised as a deduction from equity, net of any tax effects.

3.4 Property, plant and equipment

All items of property, plant and equipment are measured at cost, which includes capitalised borrowing costs, less accumulated depreciation and accumulated impairment losses.

Depreciation is based on the cost of an asset less its residual value. Depreciation is recognised as an expense in profit or loss on a straight-line basis over the estimated useful lives of each component of an item of property, plant and equipment, unless it is included in the carrying amount of another asset.

3 Significant accounting policies (cont'd)

3.4 Property, plant and equipment (cont'd)

Depreciation is recognised from the date that the property, plant and equipment are installed and are ready for use, or in respect of internally constructed assets, from the date that the asset is completed and ready for use.

The estimated useful lives for the current and comparative years are as follows:

Furniture and fittings	–	3 to 5 years
Laboratory equipment	–	5 to 10 years
Office equipment	–	3 to 10 years
Motor vehicles	–	3 to 5 years
Leasehold improvement	–	3 to 7 years
Buildings	–	50 to 60 years

Depreciation methods, useful lives and residual values are reviewed at the end of each reporting period and adjusted if appropriate.

The gain or loss on disposal of an item of property, plant and equipment (calculated as the difference between the net proceeds from disposal and the carrying amount of the item) is recognised in profit or loss.

3.5 Investment property

Investment property is property held either to earn rental income or for capital appreciation or for both, but not for sale in the ordinary course of business, use in the production or supply of goods or services or for administrative purposes. Investment property is measured at cost on initial recognition and subsequently at fair value with any change therein recognised in profit or loss.

Cost includes expenditure that is directly attributable to the acquisition of the investment property. The cost of self-constructed investment property includes the cost of materials and direct labour, any other costs directly attributable to bringing the investment property to a working condition for their intended use and capitalised borrowing costs.

Any gain or loss on disposal of an investment property (calculated as the difference between the net proceeds from disposal and the carrying amount of the item) is recognised in profit or loss.

When the use of a property changes such that it is reclassified as property, plant and equipment, its fair value at the date of reclassification becomes its cost for subsequent accounting.

3.6 Intangible assets

(i) Goodwill

Goodwill that arises upon the acquisition of subsidiaries is included in intangible assets. For the measurement of goodwill at initial recognition, see Note 3.1(i).

Subsequent measurement

Goodwill is measured at cost less accumulated impairment losses.

(ii) Club membership

Club membership, which has an indefinite useful life, is stated at cost less impairment loss, if any.

(iii) Other intangible assets

Other intangible assets that are acquired by the Group and have finite useful lives are measured at cost less accumulated amortisation and accumulated impairment losses.

3 Significant accounting policies (cont'd)

3.6 Intangible assets (cont'd)

(iv) Amortisation

Amortisation is calculated based on the cost of the asset, less its residual value.

Amortisation is recognised in profit or loss on a straight-line basis over the estimated useful lives of intangible assets, other than club membership and goodwill, from the date that they are available for use. The estimated useful lives for the current and comparative years are as follows:

Customer contracts	–	12 to 20 years
Computer software	–	3 to 5 years
Brand	–	15 years
Licence and trademarks	–	3 to 10 years

Amortisation methods, useful lives and residual values are reviewed at the end of each reporting period and adjusted if appropriate.

3.7 Inventories

Inventories are measured at the lower of cost and net realisable value. The cost of inventories is based on a weighted-average cost basis. Inventories mainly consist of materials used in the provision of cord blood, cord lining and cord tissue banking services.

Net realisable value is the estimated selling price in the ordinary course of business less estimated costs of completion and the estimated costs necessary to make the sale.

3.8 Impairment

(i) Non-derivative financial assets and contract assets

Non-derivative financial assets – Policy applicable from 1 January 2019

The Group recognises loss allowances for expected credit losses ("ECL") on financial assets measured at amortised cost.

Loss allowances of the Group are measured on either of the following basis:

- 12-month ECLs: these are ECLs that result from default events that are possible within the 12 months after the reporting date (or for a shorter period if the expected life of the instrument is less than 12 months); or

- Lifetime ECLs: these are ECLs that result from all possible default events over the expected life of a financial instrument.

Simplified approach

The Group applies the simplified approach to provide for ECLs for all trade receivables and contract assets. The simplified approach requires the loss allowance to be measured at an amount equal to lifetime ECLs.

General approach

The Group applies the general approach to provide for ECLs on all other financial assets. Under the general approach, the loss allowance is measured at an amount equal to 12-month ECLs at initial recognition.

At each reporting date, the Group assesses whether the credit risk of a financial instrument has increased significantly since initial recognition. When credit risk has increased significantly since initial recognition, loss allowance is measured at an amount equal to lifetime ECLs.

3 Significant accounting policies (cont'd)

3.8 Impairment (cont'd)

(i) Non-derivative financial assets and contract assets (cont'd)

General approach (cont'd)

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECLs, the Group considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Group's historical experience and informed credit assessment and includes forward-looking information.

If credit risk has not increased significantly since initial recognition or if the credit quality of the financial instruments improves such that there is no longer a significant increase in credit risk since initial recognition, loss allowance is measured at an amount equal to 12-month ECLs.

The Group considers a financial asset to be in default when:

- the borrower is unlikely to pay its credit obligations to the Group in full, without recourse by the Group to actions such as realising security (if any is held); or

- the financial asset is more than 90 days past due.

The Group considers a contract asset to be in default when the customer is unlikely to pay its contractual obligations to the Group in full, without recourse by the Group to actions such as realising security (if any is held).

The maximum period considered when estimating ECLs is the maximum contractual period over which the Group is exposed to credit risk.

Measurement of ECLs

ECLs are probability-weighted estimates of credit losses. Credit losses are measured at the present value of all cash shortfalls (i.e. the difference between the cash flows due to the entity in accordance with the contract and the cash flows that the Group expects to receive). ECLs are discounted at the effective interest rate of the financial asset.

Credit-impaired financial assets

At each reporting date, the Group assesses whether financial assets carried at amortised cost are credit-impaired. A financial asset is 'credit-impaired' when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

Evidence that a financial asset is credit-impaired includes the following observable data:

- significant financial difficulty of the borrower or issuer;

- a breach of contract such as a default or being more than 90 days past due;

- the restructuring of a loan or advance by the Group on terms that the Group would not consider otherwise;

- it is probable that the borrower will enter bankruptcy or other financial reorganisation; or

- the disappearance of an active market for a security because of financial difficulties.

3 Significant accounting policies (cont'd)

3.8 Impairment (cont'd)

(i) Non-derivative financial assets and contract assets (cont'd)

Presentation of allowance for ECLs in the statement of financial position

Loss allowances for financial assets measured at amortised cost are deducted from the gross carrying amount of these assets.

Write-off

The gross carrying amount of a financial asset is written off (either partially or in full) to the extent that there is no realistic prospect of recovery. This is generally the case when the Group determines that the debtor does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Group's procedures for recovery of amounts due.

Non-derivative financial assets – Policy applicable before 1 January 2019

A financial asset not carried at fair value through profit or loss, including an interest in an associate, was assessed at the end of each reporting period to determine whether there was objective evidence that it was impaired. A financial asset was impaired if objective evidence indicates that a loss event(s) had occurred after the initial recognition of the asset, and that the loss event(s) had an impact on the estimated future cash flows of that asset that can be estimated reliably.

Objective evidence that financial assets (including equity investments) were impaired included default or delinquency by a debtor, restructuring of an amount due to the Group on terms that the Group would not consider otherwise, indications that a debtor or issuer will enter bankruptcy, adverse changes in the payment status of borrowers or issuers, economic conditions that correlate with defaults or the disappearance of an active market for a security. In addition, for an investment in an equity security, a significant or prolonged decline in its fair value below its cost was objective evidence of impairment. The Group considered a decline of 20% to be significant and a period of 9 months to be prolonged.

Loans and receivables and contract assets

The Group considered evidence of impairment for loans and receivables and contract assets at both an individual asset and collective level. All individually significant assets were individually assessed for impairment. Those found not to be impaired were then collectively assessed for any impairment that had been incurred but not yet identified. Assets that were not individually significant were collectively assessed for impairment by grouping together assets with similar risk characteristics.

In assessing collective impairment, the Group used historical trends of the probability of default, the timing of recoveries and the amount of loss incurred, adjusted for management's judgement as to whether current economic and credit conditions are such that the actual losses were likely to be greater or less than suggested by historical trends.

An impairment loss was calculated as the difference between its carrying amount and the present value of the estimated future cash flows, discounted at the asset's original effective interest rate. Losses were recognised in profit or loss and reflected in an allowance account. When the Group considered that there were no realistic prospects of recovery of the asset, the relevant amounts were written off. If the amount of impairment loss subsequently decreased and the decrease was related objectively to an event occurring after the impairment was recognised, then the previously recognised impairment loss was reversed through profit or loss.

3 Significant accounting policies (cont'd)

3.8 Impairment (cont'd)

(i) Non-derivative financial assets and contract assets (cont'd)

Available-for-sale financial assets

Impairment losses on available-for-sale financial assets were recognised by reclassifying the losses accumulated in the fair value reserve in equity to profit or loss. The amount reclassified was the difference between the acquisition cost (net of any principal repayment and amortisation) and the current fair value, less any impairment loss recognised previously in profit or loss. Impairment losses recognised in profit or loss for an investment in an equity instrument classified as available-for-sale were not reversed through profit or loss.

(ii) Non-financial assets

The carrying amounts of the Group's non-financial assets, other than investment properties, inventories and deferred tax assets, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. For goodwill, and intangible assets that have indefinite useful lives or that are not yet available for use, the recoverable amount is estimated each year at the same time. An impairment loss is recognised if the carrying amount of an asset or its related cash-generating unit ("CGU") exceeds its estimated recoverable amount.

The recoverable amount of an asset or CGU is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or CGU. For the purpose of impairment testing, assets that cannot be tested individually are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or CGUs. Subject to an operating segment ceiling test, for the purposes of goodwill impairment testing, CGUs to which goodwill has been allocated are aggregated so that the level at which impairment testing is performed reflects the lowest level at which goodwill is monitored for internal reporting purposes. Goodwill acquired in a business combination is allocated to groups of CGUs that are expected to benefit from the synergies of the combination.

Impairment losses are recognised in profit or loss. Impairment losses recognised in respect of CGUs are allocated first to reduce the carrying amount of any goodwill allocated to the CGU (group of CGUs), and then to reduce the carrying amounts of the other assets in the CGU (group of CGUs) on a pro rata basis.

An impairment loss in respect of goodwill is not reversed. In respect of other assets, impairment losses recognised in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

3.9 Employee benefits

Defined contribution plans

A defined contribution plan is a post-employment benefit plan under which an entity pays fixed contributions into a separate entity and will have no legal or constructive obligation to pay further amounts. Obligations for contributions to defined contribution pension plans are recognised as an employee benefit expense in profit or loss in the periods during which related services are rendered by employees.

Employee leave entitlement

Employee entitlements to annual leave are recognised as a liability when they accrue to employees. The estimated liability for leave is recognised for services rendered by employees up to the reporting date.

3 Significant accounting policies (cont'd)

3.9 Employee benefits (cont'd)

Employee equity compensation plans

Employees (including senior executives) of the Group receive remuneration in the form of share awards as consideration for services rendered.

The grant date fair value of equity-settled share-based payment awards granted to employee is recognised as an employee expense, with a corresponding increase in equity, over the period that the employees unconditionally become entitled to the awards. The amount recognised as an expense is adjusted to reflect the number of awards for which the related service and non-market performance conditions are expected to be met, such that the amount ultimately recognised as an expense is based on the number of awards that meet the related service and non-market performance conditions at the vesting date.

No expense is recognised for awards that do not ultimately vest, except for awards where vesting is conditional upon a market or non-vesting condition, which are treated as vested irrespective of whether or not the market condition or non-vesting condition is satisfied, provided that all other performance and/or service conditions are satisfied. In the case where the award does not vest as the result of a failure to meet a non-vesting condition that is within the control of the Group or the employee, it is accounted for as a cancellation. In such case, the amount of the compensation cost that otherwise would be recognised over the remainder of the vesting period is recognised immediately in profit or loss upon cancellation.

3.10 Provisions

A provision is recognised if, as a result of a past event, the Group has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The unwinding of the discount is recognised as finance cost.

3.11 Government grants

Government grants are recognised initially as deferred income at fair value when there is reasonable assurance that they will be received and the Group will comply with the conditions associated with the grant. These grants are then recognised in profit or loss as 'other income' on a systematic basis over the useful life of the asset. Grants that compensate the Group for expenses incurred are recognised in profit or loss as 'other income' on a systematic basis in the same periods in which the expenses are recognised.

3.12 Leases

The Group has applied SFRS(I) 16 using the modified retrospective approach and therefore the comparative information has not been restated and continues to be reported under FRS 17. The details of accounting policies under FRS 17 are disclosed separately.

Policy applicable from 1 January 2019

At inception of a contract, the Group assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Group uses the definition of a lease in SFRS(I) 16.

This policy is applied to contracts entered into, on or after 1 January 2019.

(i) As a lessee

At commencement or on modification of a contract that contains a lease component, the Group allocates the consideration in the contract to each lease component on the basis of its relative stand-alone prices. However, for the leases of property, the Group has elected not to separate non-lease components and account for the lease and non-lease components as a single lease component.

3 Significant accounting policies (cont'd)

3.12 Leases (cont'd)

(i) As a lessee (cont'd)

The Group recognises a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the end of the lease term, unless the lease transfers ownership of the underlying asset to the Group by the end of the lease term or the cost of the right-of-use asset reflects that the Group will exercise a purchase option. In that case the right-of-use asset will be depreciated over the useful life of the underlying asset, which is determined on the same basis as those of property and equipment. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the lessee's incremental borrowing rate. Generally, the Group uses the lessee's incremental borrowing rate as the discount rate.

The Group determines the lessee's incremental borrowing rate by obtaining interest rates from various external financing sources and makes certain adjustments to reflect the terms of the lease and type of the asset leased.

Lease payments included in the measurement of the lease liability comprise the following:

- fixed payments, including in-substance fixed payments;
- variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;
- amounts expected to be payable under a residual value guarantee; and
- the exercise price under a purchase option that the Group is reasonably certain to exercise, lease payments in an optional renewal period if the Group is reasonably certain to exercise an extension option, and penalties for early termination of a lease unless the Group is reasonably certain not to terminate early.

The lease liability is measured at amortised cost using the effective interest method. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, if there is a change in the Group's estimate of the amount expected to be payable under a residual value guarantee, if the Group changes its assessment of whether it will exercise a purchase, extension or termination option or if there is a revised in-substance fixed lease payment.

When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

The Group presents right-of-use assets that do not meet the definition of investment property in 'property, plant and equipment' in the statement of financial position.

Short-term leases and leases of low-value assets

The Group has elected not to recognise right-of-use assets and lease liabilities for leases of low-value assets and short-term leases, including IT equipment. The Group recognises the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

3 Significant accounting policies (cont'd)

3.12 Leases (cont'd)

(ii) As a lessor

At inception or on modification of a contract that contains a lease component, the Group allocates the consideration in the contract to each lease component on the basis of their relative stand-alone prices.

When the Group acts as a lessor, it determines at lease inception whether each lease is a finance lease or an operating lease.

To classify each lease, the Group makes an overall assessment of whether the lease transfers substantially all of the risks and rewards incidental to ownership of the underlying asset. If this is the case, then the lease is a finance lease; if not, then it is an operating lease. As part of this assessment, the Group considers certain indicators such as whether the lease is for the major part of the economic life of the asset.

When the Group is an intermediate lessor, it accounts for its interests in the head lease and the sub-lease separately. It assesses the lease classification of a sub-lease with reference to the right-of-use asset arising from the head lease, not with reference to the underlying asset. If a head lease is a short-term lease to which the Group applies the exemption described above, then it classifies the sub-lease as an operating lease.

If an arrangement contains lease and non-lease components, then the Group applies SFRS(I) 15 to allocate the consideration in the contract.

The Group applies the derecognition and impairment requirements in SFRS(I) 9 to the net investment in the lease (see Note 3.8(i)). The Group further regularly reviews estimated unguaranteed residual values used in calculating the gross investment in the lease.

The Group recognises lease payments received from investment property under operating leases as income on a straight-line basis over the lease term as part of 'revenue'. Rental income from sub-leased property is recognised as 'other income'.

Generally, the accounting policies applicable to the Group as a lessor in the comparative period were not different from SFRS(I) 16 except for the classification of the sub-lease entered into during current reporting period that resulted in a finance lease classification.

Policy applicable before 1 January 2019

For contracts entered into before 1 January 2019, the Group determined whether the arrangement was or contained a lease based on the assessment of whether:

- the fulfilment of the arrangement was dependent on the use of a specific asset or assets; and
- the arrangement contains a right to use the asset(s).

(iii) As a lessee

In the comparative period, as a lessee the Group classified leases that transferred substantially all of the risks and rewards of ownership as finance leases. When this was the case, the leased assets were measured initially at an amount equal to the lower of their fair value and the present value of the minimum lease payments. Minimum lease payments were the payments over the lease term that the lessee was required to make, excluding any contingent rent. Subsequent to initial recognition, the assets were accounted for in accordance with the accounting policy applicable to that asset.

Assets held under other leases were classified as operating leases and were not recognised in the Group's statement of financial position. Payments made under operating leases were recognised in profit or loss on a straight-line basis over the term of the lease. Lease incentives received were recognised as an integral part of the total lease expense, over the term of the lease.

3 Significant accounting policies (cont'd)

3.12 Leases (cont'd)

(iv) As a lessor

When the Group acted as a lessor, it determined at lease inception whether each lease was a finance lease or an operating lease.

To classify each lease, the Group made an overall assessment of whether the lease transferred substantially all of the risks and rewards incidental to ownership of the underlying asset. If this was the case, then the lease was a finance lease; if not, then it was an operating lease. As part of this assessment, the Group considered certain indicators such as whether the lease was for the major part of the economic life of the asset.

Rental income from investment property is recognised as 'revenue' on a straight-line basis over the term of the lease. Rental income from sub-leased property is recognised as 'other income'.

3.13 Revenue

(i) Rendering of services

Revenue from cord blood, cord lining and cord tissue banking services is recognised when the Group satisfies a performance obligation (PO) by transferring control of a promised good or service to the customer. The amount of revenue recognised is the amount of the transaction price allocated to the satisfied PO.

The transaction price is allocated to each PO in the contract on the basis of the relative stand-alone selling prices of the promised goods or services. The individual standalone selling price of a good or service that has not previously been sold on a stand-alone basis, or has a highly variable selling price, is determined based on the residual portion of the transaction price after allocating the transaction price to goods and/or services with observable stand-alone selling prices. A discount or variable consideration is allocated to one or more, but not all, of the performance obligations if it relates specifically to those performance obligations.

Transaction price is the amount of consideration in the contract to which the Group expects to be entitled in exchange for transferring the promised goods or services. The transaction price may be fixed or variable and is adjusted for time value of money if the contract includes a significant financing component. Consideration payable to a customer is deducted from the transaction price if the Group does not receive a separate identifiable benefit from the customer. When consideration is variable, the estimated amount is included in the transaction price to the extent that it is highly probable that a significant reversal of the cumulative revenue will not occur when the uncertainty associated with the variable consideration is resolved.

Revenue may be recognised at a point in time or over time following the timing of satisfaction of the PO. If a PO is satisfied over time, revenue is recognised based on the percentage of completion reflecting the progress towards complete satisfaction of that PO.

(ii) Rental income

Rental income from investment property is recognised in profit or loss on a straight-line basis over the term of the lease. Lease incentives granted are recognised as an integral part of the total rental income, over the term of the lease.

(iii) Royalty income

Royalty income is recognised in profit or loss in accordance with the terms of royalty fee agreements.

3 Significant accounting policies (cont'd)

3.14 Finance income and finance costs

Finance income comprises interest income on funds invested (including financial assets at FVTPL).

Finance costs comprise interest expense on borrowings that are recognised in profit or loss.

Interest income or expense is recognised using the effective interest method.

Foreign currency gains and losses on financial assets and financial liabilities are reported on a net basis as either finance income or finance cost depending on whether foreign currency movements are in a net gain or net loss position.

3.15 Tax

Tax expense comprises current and deferred tax. Current tax and deferred tax is recognised in profit or loss except to the extent that it relates to a business combination, or items recognised directly in equity or in OCI.

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years. The amount of current tax payable or receivable is the best estimate of the tax amount expected to be paid or received that reflects uncertainty related to income taxes, if any. Current tax also includes any tax arising from dividends.

Current tax assets and liabilities are offset only if certain criteria are met.

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognised for:

- temporary differences on the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss;

- temporary differences related to investments in subsidiaries, associates and joint arrangements to the extent that the Group is able to control the timing of the reversal of the temporary difference and it is probable that they will not reverse in the foreseeable future; and

- taxable temporary differences arising on the initial recognition of goodwill.

The measurement of deferred taxes reflects the tax consequences that would follow the manner in which the Group expects, at the reporting date, to recover or settle the carrying amount of its assets and liabilities. For investment property that is measured at fair value, the presumption that the carrying amount of the investment property will be recovered through sale has not been rebutted. Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date.

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realised simultaneously.

Deferred tax assets are recognised for unused tax losses, unused tax credits and deductible temporary differences to the extent that it is probable that future taxable profits will be available against which they can be used. Future taxable profits are determined based on the reversal of relevant taxable temporary differences. If the amount of taxable temporary differences is insufficient to recognise a deferred tax asset in full, then future taxable profits, adjusted for reversals of existing temporary differences, are considered, based on the business plans of individual subsidiaries in the Group. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised; such reductions are reversed when the probability of future taxable profits improves.

3 Significant accounting policies (cont'd)

3.15 Tax (cont'd)

Unrecognised deferred tax assets are reassessed at each reporting date and recognised to the extent that it has become probable that future taxable profits will be available against which they can be used.

In determining the amount of current and deferred tax, the Group takes into account the impact of uncertain tax positions and whether additional taxes and interest may be due. The Group believes that its accruals for tax liabilities are adequate for all open tax years based on its assessment of many factors, including interpretations of tax law and prior experience. This assessment relies on estimates and assumptions and may involve a series of judgements about future events. New information may become available that causes the Group to change its judgement regarding the adequacy of existing tax liabilities; such changes to tax liabilities will impact tax expense in the period that such a determination is made.

Other taxes

Revenues, expenses and assets are recognised net of the amount of Goods and Services Tax ("GST") except:

(a) where the GST incurred on a purchase of goods and services is not recoverable from the taxation authority, in which case the GST is recognised as part of the cost of acquisition of the asset or as part of the expense item as applicable; and

(b) receivables and payables that are stated with the amount of GST included.

The net amount of GST recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the statements of financial position.

Cash flows are included in the consolidated statement of cash flows on a gross basis and the GST component of cash flows arising from investing and financing activities, which is recoverable from, or payable to, the taxation authority are classified as operating cash flows.

Commitments and contingencies are disclosed net of the amount of GST recoverable from, or payable to, the taxation authority.

3.16 Earnings per share

The Group presents basic and diluted earnings per share data for its ordinary shares. Basic earnings per share is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company by the weighted-average number of ordinary shares outstanding during the year/period, adjusted for own shares held. Diluted earnings per share is determined by adjusting the profit or loss attributable to ordinary shareholders and the weighted-average number of ordinary shares outstanding, adjusted for own shares held, for the effects of all dilutive potential ordinary shares, which comprise convertible notes and share options granted to employees.

3.17 Segment reporting

An operating segment is a component of the Group that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the Group's other components. All operating segments' operating results are reviewed regularly by the Group CEO (the chief operating decision maker) to make decisions about resources to be allocated to the segment and to assess its performance, and for which discrete financial information is available.

Segment results that are reported to the Group CEO include items directly attributable to a segment as well as those that can be allocated on a reasonable basis.

3.18 New standards and interpretations not yet adopted

A number of new standards, interpretations and amendments to standards are effective for annual periods beginning after 1 January 2019 and earlier application is permitted; however, the Group has not early adopted the new or amended standards and interpretations in preparing these financial statements.

3 Significant accounting policies (cont'd)

3.18 New standards and interpretations not yet adopted (cont'd)

The following new SFRS(I)s, interpretations and amendments to SFRS(I)s are not expected to have a significant impact on the Group's consolidated financial statements and the Company's statement of financial position.

- *Amendments to References to Conceptual Framework in SFRS(I) Standards*
- *Definition of a Business* (Amendments to SFRS(I) 3)
- *Definition of Material* (Amendments to SFRS(I) 1-1 and SFRS(I) 1- 8)
- SFRS(I) 17 *Insurance Contracts*

4 Revenue

	Group	
	Year ended 31/12/2019 $'000	Period from 01/07/2017 to 31/12/2018 $'000
		(restated)
Rendering of cord blood, cord lining and cord tissue banking services	60,009	88,955
Rendering of other services	1,570	1,542
	61,579	90,497

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.

4 Revenue (cont'd)

Contract balances

		Group			Company		
	Note	31/12/2019 $'000	31/12/2018 $'000	01/07/2017 $'000	31/12/2019 $'000	31/12/2018 $'000	01/07/2017 $'000
Trade receivables	15	24,044	27,748	23,894	10,796	10,887	9,450
Contract assets		69,680	66,981	62,738	45,006	45,081	44,532
Contract liabilities – current		5,924	3,758	8,082	3,754	3,769	3,688
Contract liabilities – non-current		58,942	58,338	35,561	15,595	14,896	13,381

The contract assets primarily relate to the Group's rights to consideration for work completed but not billed at the reporting date on rendering of cord blood, cord lining and cord tissue banking services. The contract assets are transferred to trade receivables when the rights become unconditional. This usually occurs when the Group invoices the customer.

The contract liabilities primarily relate to advance consideration received from customers for the rendering of cord blood, cord lining and cord tissue banking services.

Significant changes in the contract assets and the contract liabilities balances during the year/period are as follows.

	Contract assets		Contract liabilities	
	31/12/2019 $'000	31/12/2018 $'000	31/12/2019 $'000	31/12/2018 $'000
Revenue recognised that was included in the contract liabilities balance at the beginning of the year/period	–	–	3,758	8,082
Increases due to cash received, excluding amounts recognised as revenue during the year/period	–	–	(3,568)	(10,095)
Contract assets reclassified to trade receivables	(2,770)	(4,536)	–	–
Reversal of impairment loss/ (impairment loss) on contract assets	72	(238)	–	–

Significant judgements are used to estimate these total contract costs to complete. In making these estimates, management has relied on past experience and evidence. The estimated total contract costs is reviewed every reporting period and adjusted where necessary, with the corresponding effect of change being recognised prospectively from the date of change.

Transaction price allocated to the remaining performance obligations

The following table includes revenue expected to be recognised in the future related to performance obligations that are unsatisfied (or partially satisfied) at the reporting date.

	2020-2024 $'000	2025-2029 $'000	2030-2034 $'000	2035-2039 $'000	>2040 $'000	Total $'000
Rendering of cord blood, cord lining and cord tissue banking services: storage revenue	39,099	35,175	23,382	9,658	4,069	111,383

4 Revenue (cont'd)

Contract balances (cont'd)

The Group applies the practical expedient in paragraph 121 of SFRS(I) 15 and does not disclose information about its remaining performance obligations if:

- the performance obligation is part of a contract that has an original expected duration of one year or less; or
- the Group has a right to invoice a customer an amount that corresponds directly with its performance to date, then it recognises revenue in that amount.

5 Other operating income

	Group	
	Year ended 31/12/2019 $'000	Period from 01/07/2017 to 31/12/2018 $'000
Rental income	121	208
(Loss)/gain on disposal of property, plant and equipment	(16)	17
Fair value gain on short-term investments	392	616
Grant income	100	131
Others	292	470
	889	1,442

6 Finance income and finance cost

	Group	
	Year ended 31/12/2019 $'000	Period from 01/07/2017 to 31/12/2018 $'000 (restated)
Interest income on contract assets	8,257	11,969
Interest income from fixed deposits	983	265
Interest income from short-term investments	753	1,266
Interest income from note receivable	373	525
Finance income	10,366	14,025
Interest expense on interest-bearing borrowings	(141)	(326)
Interest expense on lease liabilities	(170)	–
Finance costs	(311)	(326)
Net finance income	10,055	13,699

7 Profit for the year/period

The following items have been included in arriving at profit for the year/period:

	Note	Group Year ended 31/12/2019 $'000	Group Period from 01/07/2017 to 31/12/2018 $'000
Employee benefits expense	30	25,175	37,808
Audit fees paid to auditors of the Company		509	540
Non-audit fees paid to auditors of the Company		40	109
Operating lease expenses		141	2,666
Depreciation of property, plant and equipment	11	3,064	2,674
Amortisation of intangible assets	13	1,220	1,824
Impairment loss on trade receivables, net	15	908	1,087
Bad debts written off		35	297
Loss/(gain) on disposal of property, plant and equipment, net		16	(11)

8 Tax expense

	Group Year ended 31/12/2019 $'000	Group Period from 01/07/2017 to 31/12/2018 $'000
		(restated)
Current tax expense		
Current year/period	2,275	2,850
Under provision in respect of previous years	13	192
	2,288	3,042
Deferred tax expense		
Origination and reversal of temporary differences	(625)	(220)
	1,663	2,822
Reconciliation of effective tax rate		
Profit before income tax	8,125	5,492
Tax using the Singapore tax rate of 17% (2018: 17%)	1,381	934
Effect of tax rates in foreign jurisdictions	407	709
Deferred tax assets not recognised	295	231
Non-deductible expenses	748	983
Tax exempt income	(528)	–
Recognition of tax effect of previously unrecognised tax losses	(615)	(149)
Effect of partial tax exemption	(17)	(26)
Tax rebate	(15)	(10)
Under provision in respect of previous years	13	192
Others	(6)	(42)
	1,663	2,822

9 Earnings per share

Basic earnings per share is calculated by dividing the profit attributable to owners of the Company by the weighted-average number of ordinary shares outstanding during the financial year.

Diluted earnings per share is calculated by dividing profit attributable to owners of the Company by the weighted-average number of ordinary shares outstanding after adjustment for the effects of all dilutive potential ordinary shares.

The following reflects the profit and share data used in the computation of basic and diluted earnings per share:

	Group	
	Year ended 31/12/2019	Period from 01/07/2017 to 31/12/2018
	$'000	$'000
		(restated)
Profit for the financial year/period attributable to owners of the Company	6,471	2,665
	'000	'000
Weighted-average number of ordinary shares for basic earnings per share computation	253,586	253,020
Effects of dilution – share grants	1,041	1,270
Weighted-average number of ordinary shares for diluted earnings per share computation	254,627	254,290

10 Investment in associate

	Group		
	31/12/2019	31/12/2018	01/07/2017
	$'000	$'000	$'000
Shares, at cost	316	316	316
Share of post-acquisition results of associate	78	78	78
Accumulated impairment loss	(394)	(394)	(394)
	–	–	–

Name of company	Principal place of business/ Country of incorporation	Principal activity	Proportion of Ownership interest		
			31/12/2019	31/12/2018	01/07/2017
			%	%	%
Held by Stemlife Berhad					
Thai Stemlife Co., Ltd[1]	Thailand	Cord blood banking services	39.61	39.61	39.61

[1] Audited by KPMG Phoomchai Audit Ltd

11 Property, plant and equipment

	Note	Furniture and fittings $'000	Laboratory equipment $'000	Office equipment $'000	Motor vehicles $'000	Leasehold improvement $'000	Buildings $'000	Construction-in-progress $'000	Total $'000
Group									
Cost									
At 1 July 2017		751	6,404	3,168	153	3,289	9,736	67	23,568
Additions		43	485	277	57	33	888	345	2,128
Disposals		(6)	(235)	(154)	(43)	(86)	–	(1)	(525)
Transfer from construction-in-progress		–	295	51	–	–	–	(346)	–
Reclassification to investment properties	12	–	–	–	–	–	(141)	–	(141)
Acquisition of subsidiary		371	2,607	–	41	1,572	–	–	4,591
Exchange rate adjustments		11	116	(76)	(11)	(141)	(181)	27	(255)
At 31 December 2018		1,170	9,672	3,266	197	4,667	10,302	92	29,366
At 1 January 2019		1,170	9,672	3,266	197	4,667	10,302	92	29,366
Recognition of right-of-use asset on initial application of SFRS(I) 16		–	365	292	–	–	3,255	–	3,912
Adjusted balance at 1 January 2019		1,170	10,037	3,558	197	4,667	13,557	92	33,278
Additions		39	354	396	–	303	1,197	393	2,682
Remeasurement of right-of-use asset		–	–	–	–	–	(168)	–	(168)
Disposals		(22)	(260)	(386)	–	–	–	–	(668)
Transfer from construction-in-progress		1	129	35	–	–	116	(281)	–
Reclassification from investment properties	12	–	–	–	–	–	650	–	650
Exchange rate adjustments		(10)	(106)	1	–	(21)	(55)	(6)	(197)
At 31 December 2019		1,178	10,154	3,604	197	4,949	15,297	198	35,577

11 Property, plant and equipment (cont'd)

	Note	Furniture and fittings $'000	Laboratory equipment $'000	Office equipment $'000	Motor vehicles $'000	Leasehold improvement $'000	Buildings $'000	Construction-in-progress $'000	Total $'000
Group									
Accumulated depreciation									
At 1 July 2017		619	4,418	2,324	77	2,537	531	–	10,506
Depreciation charge for the period		109	1,197	672	29	455	212	–	2,674
Reclassification to investment property	12	–	–	–	–	–	(35)	–	(35)
Disposals		(6)	(230)	(153)	(43)	(86)	–	–	(518)
Acquisition of subsidiary		357	2,165	–	41	1,513	–	–	4,076
Exchange rate adjustments		(155)	176	(78)	(4)	1	5	–	(55)
At 31 December 2018		924	7,726	2,765	100	4,420	713	–	16,648
At 1 January 2019		924	7,726	2,765	100	4,420	713	–	16,648
Recognition of right-of-use asset on initial application of SFRS(I) 16		–	183	24	–	–	401	–	608
Adjusted balance at 1 January 2019		924	7,909	2,789	100	4,420	1,114	–	17,256
Depreciation charge for the year		142	705	398	30	179	1,610	–	3,064
Disposals		(10)	(241)	(386)	–	–	–	–	(637)
Exchange rate adjustments		(9)	(172)	3	–	(22)	–	–	(200)
At 31 December 2019		1,047	8,201	2,804	130	4,577	2,724	–	19,483
Carrying amounts									
At 1 July 2017		132	1,986	844	76	752	9,205	67	13,062
At 31 December 2018		246	1,946	501	97	247	9,589	92	12,718
At 31 December 2019		131	1,953	800	67	372	12,573	198	16,094

11 Property, plant and equipment (cont'd)

	Furniture and fittings $'000	Laboratory equipment $'000	Office equipment $'000	Leasehold improvement $'000	Buildings $'000	Total $'000
Company						
Cost						
At 1 July 2017	420	2,073	1,043	841	5,885	10,262
Additions	6	188	104	–	–	298
Disposals	–	(312)	(1)	–	–	(313)
At 31 December2018	426	1,949	1,146	841	5,885	10,247
At 1 January 2019	426	1,949	1,146	841	5,885	10,247
Recognition of right-of-use asset on initial application of SFRS(I) 16	–	18	292	–	87	397
Adjusted balance at 1 January 2019	426	1,967	1,438	841	5,972	10,644
Additions	25	63	120	–	616	824
Reclassification from investment properties	–	–	–	–	650	650
Disposals	(13)	(44)	(240)	–	–	(297)
At 31 December 2019	438	1,986	1,318	841	7,238	11,821
Accumulated depreciation						
At 1 July 2017	321	1,517	869	452	371	3,530
Depreciation charge for the period	71	286	128	188	149	822
Disposals	–	(240)	(1)	–	–	(241)
At 31 December 2018	392	1,563	996	640	520	4,111
At 1 January 2019	392	1,563	996	640	520	4,111
Recognition of right-of-use asset on initial application of SFRS(I) 16	–	15	24	–	53	92
Adjusted balance at 1 January 2019	392	1,578	1,020	640	573	4,203
Depreciation charge for the year	20	142	132	113	232	639
Disposals	–	(28)	(240)	–	–	(268)
At 31 December 2019	412	1,692	912	753	805	4,574
Carrying amounts						
At 1 July 2017	99	556	174	389	5,514	6,732
At 31 December 2018	34	386	150	201	5,365	6,136
At 31 December 2019	26	294	406	88	6,433	7,247

The Group's and the Company's leasehold building with a carrying amount of $6,433,000 (2018: $5,365,000) are mortgaged to secure the Group's and the Company's interest-bearing borrowings (Note 23).

Property, plant and equipment includes right-of-use assets of $5,729,000 related to leased property, plant and equipment.

12 Investment properties

		Group		Company	
	Note	31/12/2019	31/12/2018	31/12/2019	31/12/2018
		$'000	$'000	$'000	$'000
Statements of financial position:					
At the beginning of the year/period		8,717	8,256	2,975	2,880
Reclassification (to)/from property, plant and equipment	11	(650)	106	(650)	–
Change in fair value		(326)	316	–	95
Exchange rate adjustments		(11)	39	–	–
At the end of the year/period		7,730	8,717	2,325	2,975
Statement of comprehensive income:					
Rental income from investment properties:					
- Minimum lease payments		121	208	115	198
Direct operating expenses arising from:					
- Rental generating properties		75	128	32	70

The Group has no restrictions on the realisability of its investment properties and no contractual obligations to purchase, construct or develop its investment properties or for repairs, maintenance or enhancements.

Changes in fair values are recognised as gain or loss in profit or loss.

Investment properties amounting to $2,325,000 (2018: $2,975,000) are mortgaged to secure the Group's and the Company's interest-bearing borrowings (Note 23).

12 Investment properties (cont'd)

The investment properties held by the Group and the Company as at 31 December 2019 are as follows:

Description and location	Existing use	Tenure	Lease term
Group			
4 office units, A'Posh Bizhub 1 Yishun Industrial Street 1, Singapore	Commercial	Leasehold	60 years
Unit 6.06, Wisma Perintis, Jalan Dungun, Damansara Heights, 50490 Kuala Lumpur	Sports Medicine Centre within a commercial building	Freehold	Freehold
Unit 6.02, Wisma Perintis, Jalan Dungun, Damansara Heights, 50490 Kuala Lumpur	Sports Medicine Centre within a commercial building	Freehold	Freehold
Unit 6.03, Wisma Perintis, Jalan Dungun, Damansara Heights, 50490 Kuala Lumpur	Sports Medicine Centre within a commercial building	Freehold	Freehold
B-1-8, Greentown Square, Jalan Dato Seri Ahmad Said, 30450 Ipoh, Perak	Office premise within a commercial building	Leasehold	99 years
No. 220, Jalan Burma, 10350 Penang	Commercial	Freehold	Freehold
Lot IP3-038, IPARC3, Lot 1115, Mukim Damansara, Daerah Petaling, Selangor	Light industrial land	Freehold	Freehold
B-2-8, Greentown Square, Jalan Dato Seri Ahmad Said, 30450 Ipoh, Perak	Office premise within a commercial building	Leasehold	99 years
B-3-8, Greentown Square, Jalan Dato Seri Ahmad Said, 30450 Ipoh, Perak	Office premise within a commercial building	Leasehold	99 years
Company			
4 office units, A'Posh Bizhub 1 Yishun Industrial Street 1, Singapore	Commercial	Leasehold	60 years

(i) Fair value hierarchy

Investment properties are stated at fair value, which has been determined based on valuations performed as at the reporting date. 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. The fair value measurement for all investment properties has been categorised as a Level 3 fair value.

	Group 31/12/2019 $'000	Company 31/12/2019 $'000
Fair value of investment property (based on valuation report)	7,730	2,325
Add: Carrying amount of lease liabilities	–	–
Carrying amount of investment property	7,730	2,325

12 Investment properties (cont'd)

(ii) Valuation technique and significant unobservable inputs

The following table shows the Group's valuation technique used in measuring the fair value of investment properties, as well as the significant unobservable inputs used.

Valuation technique	Significant unobservable inputs
Direct comparison method	*Not applicable*

13 Intangible assets

	Note	Customer contracts $'000	Brand $'000	Goodwill $'000	Computer software $'000	Licence $'000	Trademark $'000	Work-in-progress $'000	Total $'000
Group									
Cost									
At 1 July 2017		2,770	1,984	7,698	3,180	860	97	190	16,779
Additions		–	–	–	197	–	–	474	671
Disposals		–	–	–	(23)	–	–	–	(23)
Transfer from WIP		–	–	–	104	–	–	(104)	–
Acquisition of a subsidiary	29(a)	–	1,848	19,888	363	–	–	–	22,099
Exchange rate adjustments		26	82	294	(145)	–	–	(100)	157
At 31 December 2018		2,796	3,914	27,880	3,676	860	97	460	39,683
At 1 January 2019		2,796	3,914	27,880	3,676	860	97	460	39,683
Additions		–	–	–	19	–	–	542	561
Disposals		–	–	–	(17)	–	–	–	(17)
Transfer from WIP		–	–	–	111	–	–	(111)	–
Exchange rate adjustments		(2)	(16)	(145)	(4)	–	–	5	(162)
At 31 December 2019		2,794	3,898	27,735	3,785	860	97	896	40,065
Accumulated amortisation									
At 1 July 2017		836	375	–	1,165	860	30	–	3,266
Amortisation for the period		424	574	–	812	–	14	–	1,824
Disposals		–	–	–	(23)	–	–	–	(23)
Acquisition of a subsidiary	29(a)	–	–	–	293	–	–	–	293
Exchange rate adjustments		10	16	–	39	–	–	–	65
At 31 December 2018		1,270	965	–	2,286	860	44	–	5,425
At 1 January 2019		1,270	965	–	2,286	860	44	–	5,425
Amortisation for the year		239	422	–	549	–	10	–	1,220
Disposals		–	–	–	(17)	–	–	–	(17)
Exchange rate adjustments		(1)	(4)	–	36	–	(4)	–	27
At 31 December 2019		1,508	1,383	–	2,854	860	50	–	6,655
Carrying amounts									
At 1 July 2017		1,934	1,609	7,698	2,015	–	67	190	13,513
At 31 December 2018		1,526	2,949	27,880	1,390	–	53	460	34,258
At 31 December 2019		1,286	2,515	27,735	931	–	47	896	33,410

13 Intangible assets (cont'd)

Customer contracts

Customer contracts relate to the existing cord blood, cord lining and cord tissue banking service contracts of the subsidiaries acquired, with useful lives ranging from 12 to 20 years.

Brand

Brand relates to the "Stemlife" and "Healthbaby" brand name possessed by the acquired subsidiaries, Stemlife Berhad and Healthbaby Biotech (Hong Kong) Co., Limited respectively, with an amortisation period of 15 years.

Amortisation expense

The amortisation of the intangible assets has been recognised in the "Administrative expenses" line item in the consolidated statement of comprehensive income.

Impairment testing for CGUs containing goodwill

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

	Group	
	31/12/2019	**31/12/2018**
	$'000	**$'000**
Business operations in Malaysia – Stemlife Berhad	7,588	7,600
Business operations in Hong Kong – Healthbaby and Cordlife Hong Kong	20,147	20,280
	27,735	27,880

Stemlife Berhad

The recoverable amount has been determined based on value in use calculations using cash flow projections from financial budgets approved by management covering a five-year period. The key assumptions used in the estimation of the recoverable amount are set out below.

	31/12/2019	**31/12/2018**
Discount rate	12.5%	12.5%
Terminal growth rate	1.0%	1.0%
Revenue growth rates (average of next five years)	5.0%	14.0%

The calculations of value in use for the CGU are most sensitive to the following assumptions:

Revenue growth – Revenue growth was projected taking into account the market share assumptions. These assumptions are important because, as well as using market data for the growth rate (as noted above), management assesses how the CGU's position, relative to its competitors, might change over the budget period. Management expects the Group's share of the market to grow over the budget period.

Terminal growth rate – The terminal growth rate is based on management's estimate of long-term compound annual growth rate in budgeted profit which management believed was consistent with the assumption that a market participant would make.

13 Intangible assets (cont'd)

Stemlife Berhad (cont'd)

Pre-tax discount rate – The discount rate represents the current market assessment of the risks specific to the CGU, regarding the time value of money and individual risks of the underlying assets which have not been incorporated in the cash flow estimates. The discount rate calculation is based on the specific circumstances of the Group and the CGU and derived from its weighted average cost of capital ("WACC"). The WACC takes into account both debt and equity. The cost of equity is derived from the expected return on investment by the Group's investors. The cost of debt is based on the interest-bearing borrowings the Group is obliged to service. The CGU's specific risk is incorporated by applying individual beta factors. The beta factors are evaluated annually based on publicly available market data.

Healthbaby and Cordlife Hong Kong

The recoverable amount has been determined based on value in use calculations using cash flow projections from financial budgets approved by management covering a five-year period. The key assumptions used in the estimation of the recoverable amount are set out below.

	31/12/2019	31/12/2018
Discount rate	13.0%	13.0%
Terminal growth rate	1.0%	1.0%
Revenue growth rates (average of next five years)	5.0%	8.0%

The calculations of value in use for the CGU are most sensitive to the following assumptions:

Revenue growth – Revenue growth was projected taking into account the market share assumptions. These assumptions are important because, as well as using market data for the growth rate (as noted above), management assesses how the CGU's position, relative to its competitors, might change over the budget period. Management expects the Group's share of the market to grow over the budget period.

Terminal growth rate – The terminal growth rate is based on management's estimate of long-term compound annual growth rate in budgeted profit which management believed was consistent with the assumption that a market participant would make.

Pre-tax discount rate – The discount rate represents the current market assessment of the risks specific to the CGU, regarding the time value of money and individual risks of the underlying assets which have not been incorporated in the cash flow estimates. The discount rate calculation is based on the specific circumstances of the Group and the CGU and derived from its WACC. The WACC takes into account both debt and equity. The cost of equity is derived from the expected return on investment by the Group's investors. The cost of debt is based on the interest-bearing borrowings the Group is obliged to service. The CGU's specific risk is incorporated by applying individual beta factors. The beta factors are evaluated annually based on publicly available market data.

During the financial year, no impairment loss was recognised (2018: $Nil).

13 Intangible assets (cont'd)

Company	Computer software $'000	Trademark $'000	Work-in-progress $'000	Total $'000
Cost				
At 1 July 2017	2,166	97	131	2,394
Additions	21	–	118	139
Transfer to related party	–	–	(52)	(52)
Transfer from WIP	26	–	(26)	–
At 31 December 2018	2,213	97	171	2,481
At 1 January 2019	2,213	97	171	2,481
Additions	–	–	289	289
Disposals	(17)	–	–	(17)
Transfer to related party	–	–	(27)	(27)
Transfer from WIP	28	–	(28)	–
At 31 December 2019	2,224	97	405	2,726
Accumulated amortisation				
At 1 July 2017	812	30	–	842
Amortisation for the period	576	14	–	590
At 31 December 2018	1,388	44	–	1,432
At 1 January 2019	1,388	44	–	1,432
Amortisation for the year	382	10	–	392
Disposals	(17)	–	–	(17)
At 31 December 2019	1,753	54	–	1,807
Carrying amounts				
At 1 July 2017	1,354	67	131	1,552
At 31 December 2018	825	53	171	1,049
At 31 December 2019	471	43	405	919

14 Long-term investments

	Group			Company		
	31/12/2019	31/12/2018	01/07/2017	31/12/2019	31/12/2018	01/07/2017
	$'000	$'000	$'000	$'000	$'000	$'000
Available-for-sale financial assets						
- Unquoted equity investments[1]	–	4,200	4,200	–	4,200	4,200
- Unquoted non-equity investments[2]	–	1,978	1,976	–	–	–
At FVTPL						
- Unquoted equity investments[1]	5,145	–	–	5,145	–	–
- Unquoted non-equity investments[2]	4,386	–	–	4,386	–	–
	9,531	6,178	6,176	9,531	4,200	4,200

(1) The Group held unquoted shares of CellResearch Corporation Pte. Ltd. ("CRC") at carrying value of $5,145,000 (2018 and 2017: $4,200,000). The unquoted equity investments are classified as financial assets at fair value through profit or loss (2018 and 2017: available-for-sale financial investments). The increase in the carrying value in FY2019 was due to a fair value gain of $945,000 as a result of a scenario analysis performed to determine the expected receivable amount.

(2) In the financial year ended 30 June 2016, the Group subscribed for a Class A Redeemable Convertible Note ("RCN") in the principal amount of $4,200,000 from CRC. The RCN bears interest rate of 3-month SIBOR plus 7% per annum payable annually in arrears. As at 31 December 2019, the RCN is classified as an unquoted non-equity investment, which is carried at fair value through profit or loss. In 2018 and 2017, the Group's unquoted non-equity investments comprise investments in money market funds which were classified as available-for-sale financial investments.

15 Trade receivables

	Group			Company		
	31/12/2019	31/12/2018	01/07/2017	31/12/2019	31/12/2018	01/07/2017
	$'000	$'000	$'000	$'000	$'000	$'000
Current						
Trade receivables	28,506	31,269	26,698	11,758	11,785	10,055
Less: Impairment loss	(4,462)	(3,521)	(2,804)	(962)	(898)	(605)
	24,044	27,748	23,894	10,796	10,887	9,450

Trade receivables (current) are non-interest bearing and generally settled on 30 to 60 day terms.

The Company's current trade receivables are pledged to secure the Group's and the Company's interest-bearing borrowings (Note 23).

The Group and the Company's exposure to credit and currency risks, and impairment losses for trade and other receivables, are disclosed in Note 32.

16 Other receivables

	Group			Company		
	31/12/2019	31/12/2018	01/07/2017	31/12/2019	31/12/2018	01/07/2017
	$'000	$'000	$'000	$'000	$'000	$'000
Non-current						
Note receivable [1]	–	–	4,200	–	–	4,200
Other receivables	130	53	11	4	7	11
	130	53	4,211	4	7	4,211

	Group			Company		
	31/12/2019	31/12/2018	01/07/2017	31/12/2019	31/12/2018	01/07/2017
	$'000	$'000	$'000	$'000	$'000	$'000
Current						
Note receivable[1]	–	4,200	–	–	4,200	–
Interest receivable on note receivable [1]	156	327	140	156	327	140
Interest receivable on fixed deposits	646	95	129	–	–	23
GST receivable	631	456	227	176	141	153
Advances	924	281	160	–	5	8
Other receivables	860	444	757	490	22	55
Deposits	573	714	486	84	71	84
	3,790	6,517	1,899	906	4,766	463

(1) In 2018 and 2017, the RCN was bifurcated into a note receivable and a conversion option. As at 31 December 2018 and 30 June 2017, the fair value of the conversion option was $Nil.

17 Inventories

	Group			Company		
	31/12/2019	31/12/2018	01/07/2017	31/12/2019	31/12/2018	01/07/2017
	$'000	$'000	$'000	$'000	$'000	$'000
Consumables, at cost	1,343	1,358	1,279	239	294	376

Inventories recognised as an expense in cost of sales amount to $6,016,000 (2018: $7,597,000).

18 Amounts owing by/(to) subsidiaries

Amounts owing by/(to) subsidiaries are trade and non-trade related, unsecured, interest-free and are repayable on demand.

There is no allowance for doubtful debts arising from amounts owing by subsidiaries.

19 Short-term investments

	Group			Company		
	31/12/2019	31/12/2018	01/07/2017	31/12/2019	31/12/2018	01/07/2017
	$'000	$'000	$'000	$'000	$'000	$'000
Held-for-trading						
Unquoted non-equity investments	–	29,005	22,261	–	–	–
Designated at FVTPL						
Unquoted non-equity investments	13,938	–	–	–	–	–
	13,938	29,005	22,261	–	–	–

The Group's unquoted non-equity investments comprise investments in money market funds.

20 Fixed deposits

	Group			Company		
	31/12/2019	31/12/2018	01/07/2017	31/12/2019	31/12/2018	01/07/2017
	$'000	$'000	$'000	$'000	$'000	$'000
Non-current						
Unpledged fixed deposits	5,466	–	–	–	–	–
Current						
Unpledged fixed deposits	8,964	3,355	11,778	–	–	10,747
Pledged fixed deposits	10,824	6	258	–	–	–

As at 31 December 2019, the Group's non-current unpledged fixed deposits will mature between 1 to 3 years and bear interest at an effective rate of 7.2%. The Group's current unpledged fixed deposits will mature within 1 to 10 months (2018 and 2017: 1 to 6 months) and bear interest at an effective rate of 5.8% to 7.8% (2018: 7.0% – 7.5%, 2017: 1.6%) per annum.

Pledged fixed deposits, which will mature within 6 months (2018 and 2017: 6 months) and bear interest at an effective rate of 3.8% (2018: 0.9%, 2017: 2.3%) per annum, are pledged for a short-term loan facility ("ST Loan Facility") which gives the Company a drawdown limit of $9.0 million (2018 and 2017: to secure merchant credit card facilities). No drawdown has been made on the ST Loan Facility as at 31 December 2019.

21 Cash and cash equivalents

	Group			Company		
	31/12/2019	31/12/2018	01/07/2017	31/12/2019	31/12/2018	01/07/2017
	$'000	$'000	$'000	$'000	$'000	$'000
Cash at bank and on hand	14,784	10,910	26,527	5,540	5,181	18,404

21 Cash and cash equivalents (cont'd)

Cash and cash equivalents denominated in foreign currencies (i.e. in currencies other than the functional currencies in which they are measured) are as follows:

	Group			Company		
	31/12/2019	31/12/2018	01/07/2017	31/12/2019	31/12/2018	01/07/2017
	$'000	$'000	$'000	$'000	$'000	$'000
Singapore Dollar	168	243	151	–	–	–
Malaysian Ringgit	230	225	871	230	225	871
Swiss Franc	3	4	4	2	2	3
United States Dollar	1,465	801	7,917	1,450	791	7,915
Chinese Yuan	6	6	27	–	–	–
Australian Dollar	2	2	2	2	2	2

For the purpose of the consolidated statement of cash flows, only cash at bank and on hand are classified as cash and cash equivalents.

22 Trade and other payables

	Group			Company		
	31/12/2019	31/12/2018	01/07/2017	31/12/2019	31/12/2018	01/07/2017
	$'000	$'000	$'000	$'000	$'000	$'000
Current						
Trade payables	3,264	3,056	3,017	140	85	231
Other payables	6,346	5,618	4,659	2,095	1,278	1,205
Accrued expenses	5,297	4,368	2,404	2,714	1,631	1,254
Accrual for salaries and bonuses	1,029	927	1,167	432	486	507
	15,936	13,969	11,247	5,381	3,480	3,197
Non-current						
Other payables	429	294	200	–	–	4

Current trade and other payables are non-interest-bearing and are generally settled in cash on 30 day terms.

Non-current other payables are non-interest-bearing and are not expected to be settled within the next 12 months.

23 Interest-bearing borrowings

	Group and Company		
	31/12/2019	31/12/2018	01/07/2017
	$'000	$'000	$'000
Non-current liabilities			
Non-current portion of long-term loans:			
Loan I – secured	3,996	4,310	4,767
Loan III – secured	–	–	680
Loan IV – secured	–	–	1,166
	3,996	4,310	6,613
Current liabilities			
Current portion of long-term loans:			
Loan I – secured	302	295	271
Loan III – secured	–	–	680
Loan IV - secured	–	–	1,167
	302	295	2,118

Loan I

Loan I comprises of a SGD bank loan drawn down on 1 July 2011 under an approved $6,450,000 loan facility secured by a first mortgage over the Group's leasehold building (Note 11) and investment properties (Note 12) and a charge over all current trade receivables of the Company (Note 15). With effect from 10 June 2014, interest rate has been revised to prevailing Enterprise Financing Rate ("EFR") - 4.0%, EFR - 3.7%, and EFR - 3.3% for the first, second and third years respectively, and 3% + 3-month SIBOR thereafter. The loan is repayable over 240 monthly instalments. It will be repaid in full in June 2031.

Loan III

Loan III comprises of a SGD bank loan drawn down on 18 November 2013 under an approved $3,400,000 loan facility secured by a first mortgage over the Group's leasehold building (Note 11) and investment properties (Note 12) and a charge over all current trade receivables of the Company (Note 15). Interest rate is fixed at 1.50% + 1-month Swap Offer Rate. The loan is repayable over 5 annual instalments. It was repaid in full in November 2018.

Loan IV

Loan IV comprises of a SGD bank loan drawn down on 1 July 2015 under an approved $3,500,000 loan facility secured by first mortgage over the Group's leasehold building (Note 11) and investment properties (Note 12) and a charge over all current trade receivables of the Company (Note 15). Interest rate is fixed at 1.50% + 1-month Swap Offer Rate. The loan is repayable over 3 annual instalments. It was repaid in full in June 2018.

Reconciliation of movements of liabilities to cash flows arising from financing activities

	Interest-bearing borrowings	
	31/12/2019	31/12/2018
	$'000	$'000
Balance at the beginning of the year/period	4,605	8,731
Changes from financing cash flows		
Repayment of borrowings	(307)	(6,863)
Total changes from financing cash flows	4,298	1,868
Acquisition of a subsidiary	–	2,737
Balance at the end of the year/period	4,298	4,605

24 Deferred tax assets/liabilities

	Group				Company	
	Statement of financial position		Consolidated statement of comprehensive income		Statement of financial position	
	31/12/2019	31/12/2018	31/12/2019	31/12/2018	31/12/2019	31/12/2018
	$'000	$'000	$'000	$'000	$'000	$'000
		(restated)		(restated)		
Deferred tax liabilities						
Differences in depreciation for tax purposes	421	977	(351)	(207)	45	365
Unrealised tax losses	(30)	(350)	(320)	33	(30)	(350)
Fair value adjustment on acquisition of subsidiary	4,820	5,229	–	–	–	–
	5,211	5,856			15	15
Deferred tax assets						
Unutilised tax losses	–	48	46	(46)	–	–
Differences in depreciation for tax purposes	100	98	–	–	–	–
	100	146			–	–
Deferred tax expense			(625)	(220)		

Unrecognised tax losses

At the end of the reporting period, the Group has tax losses of approximately $3,996,000 (2018: $2,262,000) that are available for offset against future taxable profits of the subsidiaries in which the losses arose, for which no deferred tax asset is recognised due to uncertainty of its recoverability. The use of these tax losses is subject to the agreement of the tax authorities and compliance with certain provisions of the tax legislation of the respective countries in which the companies operate.

Unrecognised temporary differences relating to investments in subsidiaries

At the end of the reporting period, there are unrecognised temporary differences of $13,373,000 (2018: $13,248,000) relating to investments in subsidiaries.

Tax consequences of proposed dividends

There are no income tax consequences (2018: $Nil) attached to the dividends to the shareholders proposed by the Company but not recognised as a liability in the financial statements (Note 35).

25 Share capital and treasury shares

(a) Share capital

	Group and Company			
	31/12/2019		31/12/2018	
	Number of shares '000	$'000	Number of shares '000	$'000
Issued and fully paid:				
Ordinary shares				
At the beginning of the year/period	267,525	96,379	267,525	96,666
Reissuance of treasury shares pursuant to equity compensation plan	–	(385)	–	(287)
At the end of the year/period	267,525	95,994	267,525	96,379

The holders of ordinary shares are entitled to receive dividends as and when declared by the Company. All ordinary shares carry one vote per share without restrictions. The ordinary shares have no par value.

(b) Treasury shares

	Group and Company			
	31/12/2019		31/12/2018	
	Number of shares '000	$'000	Number of shares '000	$'000
At the beginning of the year/period	(14,224)	(15,469)	(8,116)	(9,766)
Purchase of treasury shares	–	–	(7,000)	(6,675)
Reissuance of treasury shares pursuant to equity compensation plan	706	769	892	972
At the end of the year/period	(13,518)	(14,700)	(14,224)	(15,469)

Treasury shares relate to ordinary shares of the Company which are held by the Company.

The Company has acquired nil (2018: 7,000,000) shares in the Company through purchase of its own shares during the financial year.

26 Other reserves

Share-based compensation reserve

Share-based compensation reserve represents the equity-settled share awards granted to employees. The reserve is made up of the cumulative value of services received from employees recorded over the vesting period commencing from the grant of share awards, and is reduced by the expiry or exercise of the share awards.

Capital reserve

Capital reserve represents the value of equity-settled share options previously granted by Life Corporation Limited to the Group's employees, prior to the distribution in specie of all of the issued share capital of Cordlife Group Limited to Life Corporation Limited's shareholders on 30 June 2011. Subsequent to the distribution, Cordlife Group Limited ceased to be a subsidiary of Life Corporation Limited.

The reserve is made up of the cumulative value of services received from employees recorded on grant of equity-settled share options.

26 Other reserves (cont'd)

Merger reserve

Merger reserve represents the difference between the consideration paid/received and the equity interests acquired/disposed, accounted for using the pooling of interest method.

Acquisition reserve

Acquisition reserve represents the excess of the consideration over the carrying value when the Group acquired non-controlling interests in its subsidiaries.

Foreign currency translation reserve

Foreign currency translation reserve represents the exchange differences arising from the translation of the financial statements of foreign subsidiaries whose functional currencies are different from that of the Group's presentation currency.

27 Commitments

Capital commitments

The Group and the Company do not have capital commitments in respect of property, plant and equipment that are contracted for as at 31 December 2019 and 2018.

28 Leases

Leases as lessee (SFRS(I) 16)

The Group leases office space under non-cancellable lease arrangements which have remaining lease terms ranging from one month to seven years (2018: one month to seven years). There are no renewal options and contingent rent provisions included in the contracts. The Group is restricted from subleasing the premises.

Previously, these leases were classified as operating leases under FRS 17 Leases.

Information about leases for which the Group is a lessee is presented below.

Right-of-use assets

Right-of-use assets related to leased properties that do not meet the definition of investment property are presented as property, plant and equipment (see Note 11).

	Laboratory equipment 31/12/2019 $'000	Office equipment 31/12/2019 $'000	Buildings 31/12/2019 $'000	Total 31/12/2019 $'000
Balance at 1 January	182	268	2,854	3,304
Depreciation charge for the year	–	21	1,162	1,183
Additions to right-of-use assets	62	58	1,290	1,410
Derecognition of right-of-use assets	–	–	(168)	(168)
Balance at 31 December	244	347	5,138	5,729

28 Leases (cont'd)

Leases as lessee (SFRS(I) 16) (cont'd)

Amounts recognised in profit or loss

	Group $'000	Company $'000
2019– lease under SFRS(I) 16		
Interest on lease liabilities	170	14
Expenses relating to short-term leases	845	88
Expenses relating to leases of low-value assets, excluding short-term leases of low-value assets	8	5
2018– lease under FRS 17		
Lease expense	2,666	313

Amounts recognised in statement of cash flows

	Group 31/12/2019 $'000	Company 31/12/2019 $'000
Total cash outflow for leases	1,623	616

Leases as lessor

The Group has entered into commercial property leases on its investment properties. These non-cancellable leases have remaining lease terms up to 24 months (2018: up to 24 months). There are no renewal options and contingent rent provisions included in the contracts. The lessees are restricted from subleasing the premises. The Group has classified these leases as operating leases, because they do not transfer substantially all of the risks and rewards incidental to the ownership of the assets.

The following table sets out a maturity analysis of lease payments, showing the undiscounted lease payments to be received after the reporting date.

	Group $'000	Company $'000
2019– Operating leases under SRFS(I) 16		
Within one year	91	85
After one year but not more than five years	33	28
	124	113
2018– Operating leases under FRS 17		
Within one year	110	104
After one year but not more than five years	56	56
	166	160

29 Investment in subsidiaries

	Company 31/12/2019 $'000	Company 31/12/2018 $'000	Company 01/07/2017 $'000
Unquoted equity shares, at cost	92,083	92,083	58,980
Less: Impairment loss	(29,238)	(8,373)	(270)
	62,845	83,710	58,710

Name of Company	Principal activities	Country of incorporation	Percentage of equity held 31/12/2019 %	Percentage of equity held 31/12/2018 %	Percentage of equity held 01/07/2017 %
Held by the Company					
Cordlife (Hong Kong) Limited[1]	Cord blood and cord lining banking services	Hong Kong	100	100	100
Cordlife Stem Cell Technology Limited[9]	Cord lining banking services	Hong Kong	100	100	100
Healthbaby Biotech (Hong Kong) Co., Limited[1]	Cord blood and cord tissue banking services	Hong Kong	100	100	–
Cordlife Technologies Pte. Ltd.[2]	Cord lining banking services	Singapore	100	100	100
CS Cell Technologies Pte. Ltd.[2]	Investment holding	Singapore	100	100	100
Stemlife Berhad[3]	Cord blood banking services	Malaysia	99.03	99.03	99.03
Shanghai Cordlife Biomedical Research Co., Ltd[4]	Dormant	People's Republic of China	100	100	100
Held by CS Cell Technologies Pte Ltd					
Cordlife Sciences (India) Pvt. Ltd.[5]	Cord blood, cord lining and cord tissue banking services	India	99.99	99.99	99.99
Cordlife Medical Phils., Inc[6]	Cord blood, cord lining and cord tissue banking services	Philippines	99.99	99.99	99.99
PT. Cordlife Persada[7]	Cord blood and cord lining banking services	Indonesia	67	67	67

29 Investment in subsidiaries (cont'd)

Name of Company	Principal activities	Country of incorporation	Percentage of equity held 31/12/2019 %	31/12/2018 %	01/07/2017 %
Held by Cordlife Stem Cell Technology Limited					
Hong Kong Screening Centre Limited[9]	Newborn screening for metabolic disorders	Hong Kong	67	67	67
Held by Stemlife Berhad					
Stemlife Properties Sdn. Bhd.[3]	Property investment company	Malaysia	99.03	99.03	99.03
Stemlife Therapeutics Sdn. Bhd.[3]	Cord lining and cord tissue banking services	Malaysia	99.03	99.03	99.03
SL Diagnostics Sdn. Bhd.[3]	Dormant	Malaysia	99.03	99.03	99.03
Stemlife Biotechnology Sdn. Bhd.[3] (Formerly known as Stemlife Logistics Sdn. Bhd.)	Medical laboratory and diagnostic services and general medical screening tests	Malaysia	99.03	99.03	99.03
Stemlife Pte. Ltd. (struck off on 6 January 2020)	Management services	Singapore	99.03	99.03	99.03
Held by Healthbaby Biotech (Hong Kong) Co., Limited					
Healthbaby Biotech (Macau) Co., Limited[8]	Provision of marketing services	Macau	99	99	–
Held by Cordlife (Hong Kong) Limited					
Healthbaby Biotech (Macau) Co., Limited[8]	Provision of marketing services	Macau	1	1	–

1 Audited by KPMG, Hong Kong
2 Audited by KPMG, Singapore
3 Audited by KPMG, Kuala Lumpur
4 Audited by Shanghai Xinyi Certified Public Accountants Co. Ltd
5 Audited by KPMG, India
6 Audited by BDO Roxas Cruz Tagle & Co.
7 Statutory audit not required
8 Audited by Keng Ou CPAs
9 Audited by Li, Tang, Chen & Co.

29 Investment in subsidiaries (cont'd)

(a) Acquisition of a subsidiary

On 2 January 2018, the Group acquired 100% of the shares and voting interests in Healthbaby Biotech (Hong Kong) Co., Limited ("Healthbaby") for $32,921,000 (the "Acquisition").

The Acquisition will enable the Group to achieve market leader status in Hong Kong and increase the profitability of the Group's overall Hong Kong operations, by consolidating into the Group a profitable entity. In addition, the Group will benefit from potential synergies between its existing operations in Hong Kong and HealthBaby, which has been the market leader in Hong Kong since 2008.

The fair values of the identifiable assets and liabilities of the subsidiary acquired were as follows:

	Note	Fair value recognised on acquisition $'000
Property, plant and equipment	11	515
Intangible assets	13	1,963
Deferred tax assets	24	98
Inventories	17	50
Trade receivables	15	728
Other receivables and prepayments	16	576
Tax recoverable		1,352
Cash and cash equivalents	21	474
Fixed deposit		256
Amount due from holding company		23,627
Loans and borrowings	23	(2,737)
Deferred revenue	4	(9,067)
Deferred tax liabilities	24	(3,276)
Trade and other payables	22	(1,481)
Net identifiable assets at fair value		13,078
Goodwill arising from acquisition		19,843
		32,921
Consideration transferred for the acquisition of Healthbaby		
Cash paid		9,287
Assumption of a debt owed to Healthbaby		23,634
		32,921
Effect of the acquisition of Healthbaby on cash flows		
Cash paid		9,287
Less: Cash and cash equivalents acquired		(474)
Net cash outflow on acquisition		8,813

Transaction costs

Transaction costs related to the Acquisition of $177,000 have been recognised in the "Administrative expenses" line item in the Group's profit or loss for the period ended 31 December 2018.

29 Investment in subsidiaries (cont'd)

(a) Acquisition of a subsidiary (cont'd)

Goodwill arising from acquisition

The goodwill of $19,843,000 comprises the value of the Group achieving market leadership in Hong Kong through the acquisition, and the potential synergies that is expected between the existing operations in Hong Kong and Healthbaby. Goodwill is allocated to the Hong Kong operations, including Healthbaby and Cordlife (Hong Kong) Limited (Note 13). None of the goodwill recognised is expected to be deducted for income tax purposes.

Impact of the acquisition on comprehensive income

From the acquisition date, Healthbaby has contributed revenue of $6,244,000 and loss of $292,000 to the Group's profit for the year. If the business combination had taken place at the beginning of the period, the Group's revenue and profit for the year would have been $94,983,000 and $3,641,000 respectively.

Brand

Brand has been identified as intangible assets arising from the Acquisition. The Group engaged an independent valuer to determine the fair value of these intangible assets in the financial period ended 31 December 2018.

Measurement of fair values

The valuation techniques used for measuring the fair value of material assets acquired were as follows:

Asset required	Valuation technique
Intangible assets	*Relief-from-royalty method:* The relief-from-royalty method considers the discounted estimated royalty payments that are expected to be avoided as result of the patents or trademarks being owned.
Deferred revenue	*Cost build-up approach:* The cost build-up approach measures the liability as the direct incremental costs to fulfil the legal performance obligation, plus a reasonable profit margin if associated with goods or services being provided, and a premium for the risks associated with the price variability.

30 Employee benefits expense

	Group	
	Year ended 31/12/2019	**Period from 01/07/2017 to 31/12/2018**
	$'000	**$'000**
Salaries, bonuses and other short-term benefits	22,952	34,474
Defined contribution plans	1,643	2,522
Share-based compensation expense (Cordlife Share Grant Plan)	580	812
	25,175	37,808

These include the amount shown as key management personnel compensation in Note 31.

30 Employee benefits expense (cont'd)

Cordlife Share Grant Plan

The Cordlife Share Grant Plan is a share-based long-term incentive plan for key senior management and employees of the Group which was approved by shareholders at an Extraordinary General Meeting held on 18 October 2013.

The details of the plan are described below:

Performance Share Award

Plan description	Award of fully-paid ordinary shares of the Company, conditional upon the satisfaction of specific performance targets set at the start of a two-year performance period based on medium-term Group and Company objectives.
Performance conditions	Average Return on Invested Capital and Absolute Shareholders' Return
Vesting conditions	Based on meeting stated performance conditions over a two-year performance period, 50% of award will vest. Balance will vest in the third year.
Payout	0%-200% depending on the achievement of pre-set performance targets over the performance period. In addition, for a period of at least one year after the award of the shares, 50% of all shares awarded to the participants under the Plan may not be transferred or otherwise disposed of.

Restricted Share Award

Plan description	Award of fully-paid ordinary shares of the Company, conditional upon the satisfaction of specific performance targets set at the start of a two-year performance period based on medium-term Group and Company objectives of retaining high potential talents ("HiPo").
Performance conditions	Sustained Performance Level ("PL") Rating 1 or 2 (out of 5) and continues to remain in HiPo talent pool.
Vesting conditions	Based on meeting stated performance conditions over a two-year performance period, 50% of award will vest. Balance will vest in the third year.
Payout	0%-100% depending on the achievement of pre-set PL Rating over the performance period.

Deferred Share Award

Plan description	One-time award of fully-paid ordinary shares of the Company, conditional upon satisfaction of a three-year service period based on medium-term Group and Company objectives of retaining key management important to the Group's leadership pipeline and Company's current operations.
Performance conditions	Service period beginning 15 April 2016 to 30 June 2019.
Vesting conditions	The Award will vest in equal tranches with Vesting Dates of 1 July in 2017, 2018 and 2019, provided service-based conditions are met, in accordance with the rules of the Plan.
Payout	0%-100% depending on the service period.

30 Employee benefits expense (cont'd)

Deferred Share Award (cont'd)

Movement of share awards during the year/period

	Group	
	Year ended 31/12/2019	**Period from 01/07/2017 to 31/12/2018**
	No. of shares	
Outstanding at the beginning of the year/period	1,494,570	366,050
- Granted	1,976,100	3,368,300
- Awarded	(707,370)	(969,170)
- Cancelled	(593,600)	(1,270,610)
Outstanding at the end of the year/period	2,169,700	1,494,570

The expense recognised in profit or loss for employee services received under the Cordlife Share Grant Plan during the financial year ended 31 December 2019 is $580,000 (2018: $812,000).

Fair value of share awards granted

The fair value of services received in return for shares awarded is measured by reference to the fair value of shares granted each year under the Cordlife Share Grant Plan. The estimate of the services received is measured based on a Monte Carlo simulation model, which involves projection of future outcomes using statistical distribution of key random variables including share price and volatility of returns.

The following table lists the key inputs to the model used for the share awards:

	31/12/2019	**31/12/2018**
Expected dividend yield (%)	1.85	0.26 – 0.82
Expected volatility (%)	44.44 – 47.98	33.32 – 44.36
Risk-free interest rate (%)	1.58 – 1.77	1.27 – 1.89
Expected term (years)	1 – 2	1 – 2
Share price at date of grant ($)	0.47	0.56 – 0.80

Based on the Monte Carlo simulation model, the estimated fair value at the date of grant for each share granted under the Cordlife Share Grant Plan for the year ended 31 December 2019 was $0.45 – $0.47 (2018: $0.53 – $0.77).

31 Related party transactions

Compensation of key management personnel

	Group	
	Year ended 31/12/2019	**Period from 01/07/2017 to 31/12/2018**
	$'000	**$'000**
Salaries and bonuses	1,957	3,554
Defined contribution plans	139	182
Other short-term benefits	106	193
Share-based compensation	440	669
Directors' fees	384	570
	3,026	5,168
Comprise amounts paid to:		
Directors of the Company	1,372	1,928
Other key management personnel	1,654	3,240
	3,026	5,168

32 Financial instruments

The Group has exposure to the following risks arising from financial instruments:

- Credit risk
- Liquidity risk
- Market risk

This note presents information about the Group's exposure to each of the above risks, the Group's objectives, policies and processes for measuring and managing risk, and the Group's management of capital.

Risk management framework

The Board of Directors has overall responsibility for the establishment and oversight of the Group's risk management framework. The Board has established the Audit and Risk Committee, which is responsible for developing and monitoring the Group's risk management policies. The committee reports regularly to the Board of Directors on its activities.

The Group's risk management policies are established to identify and analyse the risks faced by the Group, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Group's activities. The Group, through its training and management standards and procedures, aims to develop a disciplined and constructive control environment in which all employees understand their roles and obligations.

The Audit and Risk Committee oversees how management monitors compliance with the Group's risk management policies and procedures, and reviews the adequacy of the risk management framework in relation to the risks faced by the Group. The Audit and Risk Committee is assisted in its oversight role by Internal Audit. Internal Audit undertakes both regular and ad hoc reviews of risk management controls and procedures, the results of which are reported to the Audit and Risk Committee.

32 Financial instruments (cont'd)

(i) Credit risk

Credit risk is the risk of financial loss to the Group if counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Group's receivables from customers.

The carrying amounts of financial assets and contract assets represent the Group and the Company's maximum exposures to credit risk, before taking into account any collateral held. The Group and the Company do not hold any collateral in respect of their financial assets.

Trade receivables and contract assets

The Group's exposure to credit risk is influenced mainly by the individual characteristics of each customer.

Exposure to credit risk

The exposure to credit risk for trade receivables and contract assets at the reporting date by geographic region was as follows:

	Group			Company		
	Carrying amount			Carrying amount		
	31/12/2019	31/12/2018	01/07/2017	31/12/2019	31/12/2018	01/07/2017
	$'000	$'000	$'000	$'000	$'000	$'000
		(restated)	(restated)		(restated)	(restated)
Singapore	66,239	64,260	59,802	55,802	55,968	53,982
Hong Kong	1,659	1,597	1,074	–	–	–
India	2,645	7,732	6,930	–	–	–
Malaysia	4,915	5,541	6,035	–	–	–
Others	18,266	15,599	12,791	–	–	–
	93,724	94,729	86,632	55,802	55,968	53,982

As at 31 December 2019, the Group has note receivable of $4,386,000 (2018: $4,200,000). Details are disclosed in Note 14 (2018: Note 16) to the financial statements.

The Group has 1 investment in money market funds of $10,625,000 (2018: 4 investments in money market funds of $23,698,000) above $2,000,000. The investments are placed with regulated financial institutions.

There are no other significant concentrations of credit risk within the Group.

The Group's and the Company's impaired trade receivables at 31 December 2019 had a gross carrying amount of $28,506,000 and $11,758,000 respectively (31 December 2018: $31,269,000 and $11,785,000 respectively).

Expected credit loss assessment for individual customers as at 1 January and 31 December 2019

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.

32 Financial instruments (cont'd)

(i) Credit risk (cont'd)

The following tables provide information about the exposure to credit risk and ECLs for trade receivables for individual customers.

Group
31 December 2019

	Weighted average loss rate %	Gross carrying amount $'000	Impairment loss allowance $'000	Credit impaired
Current (not past due)	0.40	9,501	(38)	No
1-30 days past due	2.08	2,071	(43)	No
31-60 days past due	4.12	1,456	(60)	No
61-90 days past due	7.99	926	(74)	No
More than 90 days past due	29.18	14,552	(4,247)	Yes
		28,506	(4,462)	

Group
31 December 2018

	Weighted average loss rate %	Gross carrying amount $'000	Impairment loss allowance $'000	Credit impaired
Current (not past due)	0.85	15,262	(130)	No
1-30 days past due	2.12	1,649	(35)	No
31-60 days past due	3.73	1,072	(40)	No
61-90 days past due	5.43	681	(37)	No
More than 90 days past due	26.01	12,605	(3,279)	Yes
		31,269	(3,521)	

Company
31 December 2019

	Weighted average loss rate %	Gross carrying amount $'000	Impairment loss allowance $'000	Credit impaired
Current (not past due)	–	5,177	–	No
1-30 days past due	–	986	–	No
31-60 days past due	–	567	–	No
61-90 days past due	–	292	–	No
More than 90 days past due	20.31	4,736	(962)	Yes
		11,758	(962)	

32 Financial instruments (cont'd)

(i) Credit risk (cont'd)

Company
31 December 2018

	Weighted average loss rate %	Gross carrying amount $'000	Impairment loss allowance $'000	Credit impaired
Current (not past due)	0.28	5,625	(16)	No
1-30 days past due	1.16	1,032	(12)	No
31-60 days past due	1.81	441	(8)	No
61-90 days past due	2.45	245	(6)	No
More than 90 days past due	19.27	4,442	(856)	Yes
		11,785	(898)	

Movements in allowance for impairment in respect of trade receivables and contract assets

The movement in the allowance for impairment in respect of trade receivables and contract assets during the year/period was as follows:

	Group Lifetime ECL $'000	Company Lifetime ECL $'000
At 1 July 2017 per FRS 39	3,534	1,104
Charge for the year/period	1,087	178
Acquisition of a subsidiary	50	–
Exchange differences	(182)	–
At 31 December 2018 per FRS 39	4,489	1,282
At 1 January 2019 per FRS 39	4,489	1,282
Adjustment on initial application of SFRS(I) 9	–	–
At 1 January 2019 per SFRS(I) 9	4,489	1,282
Impairment loss recognised	908	64
Amounts written off directly to provision	(50)	–
Exchange differences	11	–
At 31 December 2019 per SFRS(I) 9	5,358	1,346

Cash and cash equivalents

The Group and the Company held cash and cash equivalents of $14,784,000 and $5,540,000 respectively at 31 December 2019 (2018: $10,910,000 and $5,181,000; 1 July 2017: $26,527,000 and $18,404,000 respectively). The cash and cash equivalents are held with bank and financial institution counterparties, which are rated Baa3 to Aa1, based on Moody's ratings.

Impairment on cash and cash equivalents has been measured on the 12-month expected loss basis and reflects the short maturities of the exposures. The Group considers that its cash and cash equivalents have low credit risk based on the external credit ratings of the counterparties. The amount of the allowance on cash and cash equivalents was negligible.

32 Financial instruments (cont'd)

(ii) Liquidity risk

Liquidity risk is the risk that the Group will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Group's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group's reputation.

The following are the contractual maturities of financial liabilities, including estimated interest payments and excluding the impact of netting agreements:

			Cash flows		
	Carrying amount	Contractual cash flows	Within 1 year	Within 2-5 years	Over 5 years
	$'000	$'000	$'000	$'000	$'000
Group					
31 December 2019					
Non-derivative financial liabilities					
Trade and other payables	16,365	(16,365)	(15,936)	(429)	–
Interest-bearing borrowings	4,298	(4,298)	(302)	(1,286)	(2,710)
	20,663	(20,663)	(16,238)	(1,715)	(2,710)
31 December 2018					
Non-derivative financial liabilities					
Trade and other payables	14,263	(14,263)	(13,969)	(294)	–
Interest-bearing borrowings	4,605	(4,605)	(295)	(1,255)	(3,055)
	18,868	(18,868)	(14,264)	(1,549)	(3,055)
Company					
31 December 2019					
Non-derivative financial liabilities					
Trade and other payables	5,381	(5,381)	(5,381)	–	–
Amounts owing to subsidiaries	22,675	(22,675)	(9,047)	–	(13,628)
Interest-bearing borrowings	4,298	(4,298)	(302)	(1,286)	(2,710)
	32,354	(32,354)	(14,730)	(1,286)	(16,338)
31 December 2018					
Non-derivative financial liabilities					
Trade and other payables	3,480	(3,480)	(3,480)	–	–
Amounts owing to subsidiaries	43,197	(43,197)	(7,632)	–	(35,565)
Interest-bearing borrowings	4,605	(4,605)	(295)	(1,255)	(3,055)
	51,282	(51,282)	(11,407)	(1,255)	(38,620)

32 Financial instruments (cont'd)

(iii) Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and equity prices will affect the Group's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return.

Currency risk

The Group is exposed to currency risk mainly arising from its cash and cash equivalents denominated in USD.

At the end of the reporting period, if USD/SGD strengthened/weakened by 5% with all other variables held constant, the Group's profit for the year would have been $73,000 (2018: $40,000) higher/lower, arising as a result of higher/lower revaluation gains on cash and cash equivalents denominated in USD.

Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of the Group's financial instruments will fluctuate because of changes in market interest rates. The Group's exposure to interest rate risk arises primarily from the Group's interest-bearing borrowings whose interest rates are subject to re-pricing every quarter.

Fixed deposits of varying maturity periods are placed with reputable banks and financial institutions and generate interest income at a fixed rate during the tenure of the fixed deposits and are not subject to changes in interest rate fluctuation.

Sensitivity analysis for interest rate risk

At the end of the reporting period, if interest rates had been 75 (2018: 75) basis points lower/higher with all other variables held constant, the Group's profit net of tax would have been $27,000 (2018: $29,000) higher/lower, arising mainly as a result of lower/higher interest expense on floating rate interest-bearing borrowings.

32 Financial instruments (cont'd)

(iii) Market risk (cont'd)

Accounting classifications and fair values

The carrying amounts and fair values of financial assets and financial liabilities, including their levels in the fair value hierarchy are as follows. It does not include fair value information for financial assets and financial liabilities not measured at fair value if the carrying amount is a reasonable approximation of fair value.

		Carrying amount					Fair value			
	Note	Mandatorily at FVTPL	Designated at fair value	Amortised cost	Other financial liabilities	Total	Level 1	Level 2	Level 3	Total
		$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000
Group										
31 December 2019										
Financial assets measured at fair value										
Long-term investments		–	9,531	–	–	9,531	–	–	9,531	9,531
Short-term investments		13,938	–	–	–	13,938	–	13,938	–	13,938
		13,938	9,531	–	–	23,469				
Financial assets not measured at fair value										
Contract assets		–	–	69,680	–	69,680				
Trade and other receivables#		–	–	27,964	–	27,964				
Fixed deposits		–	–	25,254	–	25,254				
Cash and cash equivalents		–	–	14,784	–	14,784				
		–	–	137,682	–	137,682				
Financial liabilities not measured at fair value										
Trade and other payables		–	–	–	(16,365)	(16,365)				
Interest-bearing borrowings#		–	–	–	(4,298)	(4,298)				
		–	–	–	(20,663)	(20,663)				

The carrying amount of non-current other receivables and interest-bearing borrowings (current and non-current) reasonably approximate their fair values as they are floating rate instruments that are re-priced to market interest rates on or near the end of the reporting period.

32 Financial instruments (cont'd)

(iii) Market risk (cont'd)

		Carrying amount						Fair value			
	Note	Held-for-trading	Held-to-maturity	Loans and receivables	Available-for-sale	Other financial liabilities	Total	Level 1	Level 2	Level 3	Total
		$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000
Group											
31 December 2018											
Financial assets measured at fair value											
Long-term investments		–	1,978	–	–	–	1,978	–	1,978	–	1,978
Short-term investments		29,005	–	–	–	–	29,005	–	29,005	–	29,005
		29,005	1,978	–	–	–	30,983				
Financial assets not measured at fair value											
Long-term investments		–	–	–	4,200	–	4,200				
Contract assets		–	–	66,981	–	–	66,981				
Trade and other receivables#		–	–	34,318	–	–	34,318				
Fixed deposits		–	–	3,361	–	–	3,361				
Cash and cash equivalents		–	–	10,910	–	–	10,910				
		–	–	115,570	4,200	–	119,770				
Financial liabilities not measured at fair value											
Trade and other payables		–	–	–	–	(14,263)	(14,263)				
Interest-bearing borrowings#		–	–	–	–	(4,605)	(4,605)				
		–	–	–	–	(18,868)	(18,868)				

The carrying amount of non-current other receivables and interest-bearing borrowings (current and non-current) reasonably approximate their fair values as they are floating rate instruments that are re-priced to market interest rates on or near the end of the reporting period.

32 Financial instruments (cont'd)

(iii) Market risk (cont'd)

Company	Note	Carrying amount Designated at fair value $'000	Amortised cost $'000	Other financial liabilities $'000	Total $'000
31 December 2019					
Financial assets measured at fair value					
Long-term investments		9,531	–	–	9,531
Financial assets not measured at fair value					
Contract assets		–	45,006	–	45,006
Trade and other receivables#		–	11,706	–	11,706
Cash and cash equivalents		–	5,540	–	5,540
Amounts owing by subsidiaries		–	19,157	–	19,157
		–	81,409	–	81,409
Financial liabilities not measured at fair value					
Trade and other payables		–	–	(5,381)	(5,381)
Interest-bearing borrowings#		–	–	(4,298)	(4,298)
Amounts owing to subsidiaries		–	–	(22,675)	(22,675)
		–	–	(32,354)	(32,354)

	Note	Carrying amount Loans and receivables $'000 (restated)	Available-for-sale $'000	Other financial liabilities $'000 (restated)	Total $'000 (restated)
31 December 2018					
Financial assets not measured at fair value					
Long-term investments		–	4,200	–	4,200
Contract assets		45,081	–	–	45,081
Trade and other receivables#		15,660	–	–	15,660
Cash and cash equivalents		5,181	–	–	5,181
Amounts owing by subsidiaries		16,936	–	–	16,936
		82,858	4,200	–	87,058
Financial liabilities not measured at fair value					
Trade and other payables		–	–	(3,480)	(3,480)
Interest-bearing borrowings#		–	–	(4,605)	(4,605)
Amounts owing to subsidiaries		–	–	(43,197)	(43,197)
		–	–	(51,282)	(51,282)

The carrying amount of non-current other receivables and interest-bearing borrowings (current and non-current) reasonably approximate their fair values as they are floating rate instruments that are re-priced to market interest rates on or near the end of the reporting period.

33 Fair value of assets and liabilities

(a) Fair value hierarchy

The Group classifies fair value measurement using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy has the following levels:

- Level 1 – quoted prices (unadjusted) in active markets for identical assets or liabilities,
- Level 2 – inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices), and
- Level 3 – inputs for the asset or liability that are not based on observable market data (unobservable inputs).

(b) Valuation techniques and significant unobservable inputs

The following tables show the valuation techniques used in measuring Level 2 and Level 3 fair values, as well as the significant unobservable inputs used.

Financial assets measured at fair value

Type	Valuation technique	Significant unobservable inputs	Inter-relationship between key unobservable inputs and fair value measurement
Group			
Short-term investments	Net asset value of money market funds	Not applicable	Not applicable
Long-term investments	- Expected receivable per scenario analysis - Amortised cost including interest receivable	Not applicable	Not applicable

The following tables shows a reconciliation from the opening balances to the ending balances for the Level 3 fair values:

	Group and Company Long-term investments – at FVTPL $'000
At 1 January 2019	8,400
Total unrealised gains and losses recognised in profit or loss	
- interest income	186
- net change in fair value of FVTPL	945
At 31 December 2019	9,531

34 Segment reporting

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 cord blood, cord lining and cord tissue services. 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 diagnostic segment comprises non-invasive prenatal testing, newborn metabolic 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 as well as non-invasive prenatal testing, newborn metabolic screening and paediatric vision screening services.

No operating segments have been aggregated to form the above reportable operating segments.

Segment revenue

	Banking $'000	Diagnostics $'000	Total $'000
Year ended 31 December 2019			
Revenue from external customers	60,009	1,570	61,579
Total consolidated revenue			61,579
	(restated)	(restated)	(restated)
Period ended 31 December 2018			
Revenue from external customers	89,080	1,417	90,497
Total consolidated revenue			90,497

Segment results

	Banking $'000	Diagnostics $'000	Total $'000
Year ended 31 December 2019			
Depreciation and amortisation	(4,273)	(11)	(4,284)
Segment profit	5,473	235	5,708
Fair value loss on investment properties			(326)
Gain on financial asset at fair value through profit or loss			945
Finance income			2,109
Finance costs			(311)
Profit before income tax			8,125
Income tax			(1,663)
Profit for the year			6,462

34 Segment reporting (cont'd)

	Banking $'000 (restated)	Diagnostics $'000 (restated)	Total $'000 (restated)
Period ended 31 December 2018			
Depreciation and amortisation	(4,448)	(50)	(4,498)
Segment profit	3,496	(50)	3,446
Fair value gain on investment properties			316
Finance income			2,056
Finance costs			(326)
Profit before income tax			5,492
Income tax			(2,822)
Profit for the period			2,670

Segment assets and liabilities

	Banking $'000	Diagnostics $'000	Others* $'000	Total $'000
Year ended 31 December 2019				
Additions to non-current assets, comprising additions to property, plant and equipment and intangible assets	2,060	–	–	2,060
Segment assets	253,322	66	552	253,940
Long-term investments				9,531
Investment properties				7,730
Eliminations+				(46,930)
Per consolidated financial statements				224,271
Segment liabilities	123,080	622	11,066	134,768
Tax payables				1,767
Deferred tax liabilities				5,211
Eliminations+				(46,747)
Per consolidated financial statements				94,999

34 Segment reporting (cont'd)

	Banking	Diagnostics	Others*	Total
	$'000	$'000	$'000	$'000
	(restated)			
Period ended 31 December 2018				
Additions to non-current assets, comprising additions to property, plant and equipment and intangible assets	2,799	–	–	2,799
Segment assets	222,938	520	551	224,009
Unquoted equity investments (Note 14)				4,200
Note receivable and interest receivable on note receivable (Note 16)				4,527
Investment properties				8,717
Eliminations+				(28,766)
Per consolidated financial statements				212,687
Segment liabilities	97,561	969	11,043	109,573
Tax payables				2,104
Deferred tax liabilities				5,856
Eliminations+				(28,609)
Per consolidated financial statements				88,924

\+ 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.

	Revenue		Non-current assets	
	Year ended 31/12/2019	Period from 01/07/2017 to 31/12/2018	31/12/2019	31/12/2018
	$'000	$'000	$'000	$'000
		(restated)		
Singapore	26,619	37,755	10,670	10,288
Hong Kong	9,331	12,418	22,488	22,716
India	11,112	18,887	3,672	3,888
Malaysia	4,218	6,627	17,542	17,849
Philippines	5,852	8,623	412	168
Others	4,447	6,187	2,450	784
	61,579	90,497	57,234	55,693

Non-current assets information presented above consist of property, plant and equipment, investment properties and intangible assets.

35 Dividends

The following exempt (one-tier) dividends were declared and paid by the Group and Company.

	Group and Company	
	31/12/2019	31/12/2018
	$'000	$'000
Paid by the Company to owners of the Company		
Dividends on ordinary shares:		
Final tax exempt (one-tier) dividend for 30 June 2017: 0.5 cents per share	–	1,262
Interim tax exempt (one-tier) dividend for 31 December 2018: 0.8 cents per share	–	2,022
Final tax exempt (one-tier) dividend for 31 December 2018: 0.4 cents per share	1,013	–
	1,013	3,284

After the respective reporting dates, the following exempt (one-tier) dividends were proposed by the directors, subject to shareholders' approval at the AGM. These exempt (one-tier) dividends have not been provided for.

	Group and Company	
	31/12/2019	31/12/2018
	$'000	$'000
Final tax exempt (one-tier) dividend for 31 December 2018: 0.4 cents per share	–	1,013
Final tax exempt (one-tier) dividend for 31 December 2019: 1.0 cent per share	2,540	–
	2,540	1,013

36 Capital management

Capital comprises equity attributable to owners of the Company.

The primary objective of the Group's capital management is to ensure that it maintains an appropriate capital structure in order to support its business and maximise shareholder value.

The Group manages its capital structure and makes adjustment to it, in the light of changes in economic conditions. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. The Group is not subject to any externally imposed capital requirements. No changes were made in the objectives, policies or processes during the year/period ended 31 December 2019 and 2018.

The Group is currently in a net cash position. The Group monitors capital using a total debt to total equity ratio, which is interest-bearing borrowings divided by total equity attributable to owners of the Company.

	Group	
	31/12/2019	31/12/2018
	$'000	$'000
		(restated)
Interest-bearing borrowings	4,298	4,605
Equity attributable to owners of the Company	129,149	123,631
Total debt to total equity ratio	3.33%	3.72%

37 Subsequent events

On 1 February 2016, the Group had announced that it had purchased approximately 4.2 million unquoted shares ("Shares") of CRC for $4,200,000 from the founders of CRC ("Vendors"). The purchase included an adjustment mechanism for the Group to, among others, either receive additional ordinary shares in CRC from the Vendors for $1 or sell the Shares back to the Vendors at a price of the Consideration plus 7% of the Consideration compounded over 3 years, if a net profit target is not met for the year ending 31 December 2018. As at 31 December 2019, CRC had not met its profit target for the year ended 31 December 2018. Consequently, the Group exercised its right to sell the Shares back to the Vendors for approximately $5,145,000 on 14 February 2020.

The recent outbreak of the Coronavirus Disease 2019 ("COVID-19") in December 2019 has significant impact to the worldwide economy. The extent of the impact of COVID-19 on the Group's operational and financial performance will depend on certain developments, including the duration and spread of the outbreak. As at the reporting date, the related financial impact cannot be reasonably estimated for the financial year ending 31 December 2020.

38 Explanation of transition to SFRS(I) and adoption of new standards

As stated in Note 2.1, these are the first financial statements of the Group and of the Company prepared in accordance with SFRS(I).

The accounting policies set out in Note 3 have been applied in preparing the financial statements for the year ended 31 December 2019, the comparative information presented in these financial statements for the period from 1 July 2017 to 31 December 2018 and in the preparation of the opening SFRS(I) statement of financial position at 1 July 2017 (the Group's date of transition), subject to the mandatory exceptions and optional exemptions under SFRS(I) 1.

In preparing the opening SFRS(I) statement of financial position, the Group has adjusted amounts reported previously in the financial statements prepared in accordance with previous FRS.

In addition to the adoption of the new framework, the Group also concurrently applied the following SFRS(I)s, interpretations of SFRS(I)s and requirements of SFRS(I)s.

- SFRS(I) 15 *Revenue from Contracts with Customers*;
- SFRS(I) 9 *Financial Instruments*;
- SFRS(I) 16 *Leases*;
- requirements in SFRS(I) 2 *Share-based Payment*;
- requirements in SFRS(I) 1-40 *Investment Property*;
- requirements in SFRS(I) 1;
- requirements in SFRS(I) 1-28 *Investments in Associates and Joint Ventures*;
- SFRS(I) INT 22 *Foreign Currency Transactions and Advance Consideration*; and
- SFRS(I) INT 23 *Uncertainty over Income Tax Treatments*.

The application of the above standards and interpretations do not have a material effect on the financial statements, except for SFRS(I) 9, SFRS(I) 15 and SFRS(I) 16.

An explanation of how the transition from previous FRS to SFRS(I) and the adoption of SFRS(I) 9, SFRS(I) 15 and SFRS(I) 16 have affected the Group's financial position, financial performance and cash flows, and the Company's financial position is set out under the summary of quantitative impact and the accompanying notes.

38 Explanation of transition to SFRS(I) and adoption of new standards (cont'd)

Summary of quantitative impact

The following reconciliations summarise the impacts on initial application of SFRS(I) 1, SFRS(I) 9, SFRS(I) 15 and SFRS(I) 16 on the Group's and the Company's financial position as at 1 July 2017, 31 December 2018 and 1 January 2019 and the Group's profit or loss and other comprehensive income for the period from 1 July 2017 to 31 December 2018. There were no material adjustments to the Group's statement of cash flows for the period from 1 July 2017 to 31 December 2018 arising on transition to SFRS(I).

Reconciliation of the Group's equity

Statement of Financial Position

	Group				
	31 December 2018			1 January 2019	
	FRS framework	SFRS(I) 15	SFRS(I) framework	SFRS(I) 9 and 16	SFRS(I) framework
	$'000	$'000	$'000	$'000	$'000
Non-current assets					
Property, plant and equipment	12,718	–	12,718	3,304	16,022
Investment properties	8,717	–	8,717	–	8,717
Intangible assets	34,258	–	34,258	–	34,258
Deferred tax assets	146	–	146	–	146
Investment in subsidiaries	–	–	–	–	–
Investment in associate	–	–	–	–	–
Long-term investments	6,178	–	6,178	–	6,178
Contract assets	–	66,981	66,981	–	66,981
Trade receivables	67,536	(67,536)	–	–	–
Other receivables	53	–	53	–	53
	129,606	(555)	129,051	3,304	132,355
Current assets					
Inventories	1,358	–	1,358	–	1,358
Prepayments	2,700	–	2,700	(584)	2,116
Trade receivables	28,966	(1,218)	27,748	–	27,748
Other receivables	6,598	(81)	6,517	–	6,517
Tax recoverable	1,975	62	2,037	–	2,037
Short-term investments	29,005	–	29,005	–	29,005
Fixed deposits	3,355	–	3,355	–	3,355
Pledged fixed deposits	6	–	6	–	6
Cash and cash equivalents	10,910	–	10,910	–	10,910
	84,873	(1,237)	83,636	(584)	83,052
Total assets	214,479	(1,792)	212,687	2,720	215,407

38 Explanation of transition to SFRS(I) and adoption of new standards (cont'd)

Summary of quantitative impact (cont'd)

Reconciliation of the Group's equity (cont'd)

Statement of Financial Position (cont'd)

	Group				
	31 December 2018			1 January 2019	
	FRS framework $'000	SFRS(I) 15 $'000	SFRS(I) framework $'000	SFRS(I) 9 and 16 $'000	SFRS(I) framework $'000
Current liabilities					
Trade and other payables	15,056	(1,087)	13,969	–	13,969
Interest-bearing borrowings	295	–	295	–	295
Lease liabilities	–	–	–	1,324	1,324
Contract liabilities	–	3,758	3,758	–	3,758
Deferred revenue	17,936	(17,936)	–	–	–
Tax payable	1,982	122	2,104	–	2,104
	35,269	(15,143)	20,126	1,324	21,450
Net current asset	49,604	13,906	63,510	(1,908)	61,602
Non-current liabilities					
Other payables	294	–	294	–	294
Interest-bearing borrowings	4,310	–	4,310	–	4,310
Lease liabilities	–	–	–	1,605	1,605
Deferred revenue	46,202	(46,202)	–	–	–
Contract liabilities	–	58,338	58,338	–	58,338
Deferred tax liabilities	7,068	(1,212)	5,856	–	5,856
	57,874	10,924	68,798	1,605	70,403
Total liabilities	93,143	(4,219)	88,924	2,929	91,853
Net assets	121,336	2,427	123,763	(209)	123,554
Equity attributable to owners of the Company					
Share capital	96,379	–	96,379	–	96,379
Treasury shares	(15,469)	–	(15,469)	–	(15,469)
Accumulated profits	54,338	1,869	56,207	(102)	56,105
Other reserves	(14,050)	564	(13,486)	(107)	(13,593)
	121,198	2,433	123,631	(209)	123,422
Non-controlling interests	138	(6)	132	–	132
Total equity	121,336	2,427	123,763	(209)	123,554
Total equity and liabilities	214,479	(1,792)	212,687	2,720	215,407

38 Explanation of transition to SFRS(I) and adoption of new standards (cont'd)

Summary of quantitative impact (cont'd)

Reconciliation of the Group's equity (cont'd)

Statement of Financial Position (cont'd)

	Group 1 July 2017		
	FRS framework $'000	SFRS(I) 15 $'000	SFRS(I) framework $'000
Non-current assets			
Property, plant and equipment	13,062	–	13,062
Investment properties	8,256	–	8,256
Intangible assets	13,513	–	13,513
Long-term investments	6,176	–	6,176
Contract assets	–	62,738	62,738
Trade receivables	63,090	(63,090)	–
Other receivables	4,211	–	4,211
	108,308	(352)	107,956
Current assets			
Inventories	1,279	–	1,279
Prepayments	1,760	–	1,760
Trade receivables	24,459	(565)	23,894
Other receivables	2,008	(109)	1,899
Tax recoverable	94	236	330
Short-term investments	22,261	–	22,261
Fixed deposits	11,778	–	11,778
Pledged fixed deposits	258	–	258
Cash and cash equivalents	26,527	–	26,527
	90,424	(438)	89,986
Total assets	198,732	(790)	197,942
Current liabilities			
Trade and other payables	12,519	(1,272)	11,247
Interest-bearing borrowings	2,118	–	2,118
Contract liabilities	–	8,082	8,082
Deferred revenue	16,296	(16,296)	–
Tax payable	1,244	–	1,244
	32,177	(9,486)	22,691
Net current assets	58,247	9,048	67,295

38 Explanation of transition to SFRS(I) and adoption of new standards (cont'd)

Summary of quantitative impact (cont'd)

Reconciliation of the Group's equity (cont'd)

Statement of Financial Position (cont'd)

	Group 1 July 2017		
	FRS framework $'000	SFRS(I) 15 $'000	SFRS(I) framework $'000
Non-current liabilities			
Other payables	200	–	200
Interest-bearing borrowings	6,613	–	6,613
Contract liabilities	–	35,561	35,561
Deferred revenue	30,521	(30,521)	–
Deferred tax liabilities	3,891	(1,034)	2,857
	41,225	4,006	45,231
Total liabilities	73,402	(5,480)	67,922
Net assets	125,330	4,690	130,020
Equity attributable to owners of the Company			
Share capital	96,666	–	96,666
Treasury shares	(9,766)	–	(9,766)
Accumulated profits	52,088	4,738	56,826
Other reserves	(13,827)	(11)	(13,838)
	125,161	4,727	129,888
Non-controlling interests	169	(37)	132
Total equity	125,330	4,690	130,020
Total equity and liabilities	198,732	(790)	197,942

38 Explanation of transition to SFRS(I) and adoption of new standards (cont'd)

Summary of quantitative impact (cont'd)

Reconciliation of the Group's total comprehensive income

Consolidated statement of comprehensive income

	Period from 1 July 2017 to 31 December 2018		
	FRS framework	SFRS(I) 15	SFRS(I) framework
	$'000	$'000	$'000
Revenue	105,007	(14,510)	90,497
Cost of sales	(33,942)	(128)	(34,070)
Gross profit	71,065	(14,638)	56,427
Other operating income	1,442	–	1,442
Selling and marketing expenses	(32,186)	(18)	(32,204)
Administrative expenses	(34,188)	–	(34,188)
Finance income	2,056	11,969	14,025
Finance costs	(326)	–	(326)
Profit before income tax from operations	7,863	(2,687)	5,176
Fair value gain on investment properties	316	–	316
Profit before income tax	8,179	(2,687)	5,492
Tax expense	(2,681)	(141)	(2,822)
Profit for the period	5,498	(2,828)	2,670
Other comprehensive (loss)/income:			
Items that are or may be reclassified subsequently to profit or loss			
Foreign currency translation	(351)	565	214
Fair value gain arising from revaluation of available-for-sale financial asset	6	–	6
Other comprehensive loss for the period, net of tax	(345)	565	220
Total comprehensive income for the period	5,153	(2,263)	2,890
Profit for the period attributable to:			
Owners of the Company	5,534	(2,869)	2,665
Non-controlling interests	(36)	41	5
	5,498	(2,828)	2,670
Total comprehensive income for the period attributable to:			
Owners of the Company	5,184	(2,294)	2,890
Non-controlling interests	(31)	31	–
	5,153	(2,263)	2,890

38 Explanation of transition to SFRS(I) and adoption of new standards (cont'd)

Summary of quantitative impact (cont'd)

Reconciliation of the Company's equity

Statement of Financial Position

	Company				
	31 December 2018			1 January 2019	
	FRS framework $'000	SFRS(I) 15 $'000	SFRS(I) framework $'000	SFRS(I) 9 and 16 $'000	SFRS(I) framework $'000
Non-current assets					
Property, plant and equipment	6,136	–	6,136	305	6,441
Investment properties	2,975	–	2,975	–	2,975
Intangible assets	1,049	–	1,049	–	1,049
Investment in subsidiaries	83,710	–	83,710	–	83,710
Long-term investments	4,200	–	4,200	–	4,200
Contract assets	–	45,081	45,081	–	45,081
Trade receivables	46,525	(46,525)	–	–	–
Other receivables	7	–	7	–	7
	144,602	(1,444)	143,158	305	143,463
Current assets					
Inventories	294	–	294	–	294
Prepayments	813	–	813	–	813
Trade receivables	10,887	–	10,887	–	10,887
Other receivables	4,835	(69)	4,766	–	4,766
Tax recoverable	–	63	63	–	63
Amounts owing by subsidiaries	16,936	–	16,936	–	16,936
Cash and cash equivalents	5,181	–	5,181	–	5,181
	38,946	(6)	38,940	–	38,940
Total assets	183,548	(1,450)	182,098	305	182,403
Current liabilities					
Trade and other payables	3,550	(70)	3,480	–	3,480
Amount owing to subsidiaries	7,632	–	7,632	–	7,632
Interest-bearing borrowings	295	–	295	–	295
Lease liabilities	–	–	–	89	89
Contract liabilities	–	3,769	3,769	–	3,769
Deferred revenue	3,769	(3,769)	–	–	–
	15,246	(70)	15,176	89	15,265
Net current assets	23,700	64	23,764	(89)	23,675
Non-current liabilities					
Amount owing to subsidiaries	35,565	–	35,565	–	35,565
Interest-bearing borrowings	4,310	–	4,310	–	4,310
Lease liabilities	–	–	–	218	218
Contract liabilities	–	14,896	14,896	–	14,896
Deferred revenue	15,971	(15,971)	–	–	–
Deferred tax liabilities	15	–	15	–	15
	55,861	(1,075)	54,786	218	55,004
Total liabilities	71,107	(1,145)	69,962	307	70,269
Net assets	112,441	(305)	112,136	(2)	112,134
Equity attributable to owners of the Company					
Share capital	96,379	–	96,379	–	96,379
Treasury shares	(15,469)	–	(15,469)	–	(15,469)
Accumulated profits	30,608	(305)	30,303	(2)	30,301
Other reserves	923	–	923	–	923
Total equity	112,441	(305)	112,136	(2)	112,134
Total equity and liabilities	183,548	(1,450)	182,098	305	182,403

38 Explanation of transition to SFRS(I) and adoption of new standards (cont'd)

Summary of quantitative impact (cont'd)

Reconciliation of the Company's equity (cont'd)

Statement of Financial Position (cont'd)

	Company 1 July 2017		
	FRS framework $'000	SFRS(I) 15 $'000	SFRS(I) framework $'000
Non-current assets			
Property, plant and equipment	6,732	–	6,732
Investment properties	2,880	–	2,880
Intangible assets	1,552	–	1,552
Investment in subsidiaries	58,710	–	58,710
Long-term investments	4,200	–	4,200
Contract assets	–	44,532	44,532
Trade receivables	45,802	(45,802)	–
Other receivables	4,211	–	4,211
	124,087	(1,270)	122,817
Current assets			
Inventories	376	–	376
Prepayments	836	–	836
Trade receivables	9,450	–	9,450
Other receivables	527	(64)	463
Tax recoverable	–	185	185
Amounts owing by subsidiaries	14,533	–	14,533
Fixed deposits	10,747	–	10,747
Cash and cash equivalents	18,404	–	18,404
	54,873	121	54,994
Total assets	178,960	(1,149)	177,811
Current liabilities			
Trade and other payables	3,261	(64)	3,197
Amount owing to subsidiaries	16,733	–	16,733
Interest-bearing borrowings	2,118	–	2,118
Contract liabilities	–	3,688	3,688
Deferred revenue	3,688	(3,688)	–
	25,800	(64)	25,736
Net current assets	29,073	185	29,258
Non-current liabilities			
Other payables	4	–	4
Interest-bearing borrowings	6,613	–	6,613
Contract liabilities	–	13,381	13,381
Deferred revenue	13,565	(13,565)	–
Deferred tax liabilities	15	–	15
	20,197	(184)	20,013
Total liabilities	45,997	(248)	45,749
Net assets	132,963	(901)	132,062
Equity attributable to owners of the Company			
Share capital	96,666	–	96,666
Treasury shares	(9,766)	–	(9,766)
Accumulated profits	45,267	(901)	44,366
Other reserves	796	–	796
	132,963	(901)	132,062
Non-controlling interests	–	–	–
Total equity	132,963	(901)	132,062
Total equity and liabilities	178,960	(1,149)	177,811

38 Explanation of transition to SFRS(I) and adoption of new standards (cont'd)

Notes to the reconciliations

SFRS(I) 1

In adopting SFRS(I), the Group has applied the transition requirements in SFRS(I) 1 with 1 July 2017 as the date of transition. SFRS(I) 1 generally requires that the Group applies SFRS(I) that are effective as at 31 December 2019 on a retrospective basis, as if such accounting policy had always been applied, subject to the mandatory exceptions and optional exemptions in SFRS(I) 1. Except as described below, the application of the mandatory exceptions and the optional exemptions in SFRS(I) 1 did not have any significant impact on the financial statements.

SFRS(I) 15

SFRS(I) 15 establishes a comprehensive framework for determining whether, how much and when revenue is recognised. It also introduces new cost guidance which requires certain costs of obtaining and fulfilling contracts to be recognised as separate assets when specified criteria are met.

The Group adopted SFRS(I) 15 in its financial statements using the retrospective approach. All requirements of SFRS(I) 15 have been applied retrospectively, except for the application of the practical expedients as described below, and the comparative information presented has been restated.

The Group has applied the following practical expedients as allowed under SFRS(I):

- Completed contracts that began and ended in the same reporting period from 1 July 2017 to 31 December 2018 and contracts completed at 1 July 2017 are not restated.

- For completed contracts that have variable consideration, the Group used the transaction price at the date the contract was completed to restate comparative information.

- For contracts modified before 1 July 2017, the Group has reflected the aggregate effect of all of the modifications that occurred before 1 July 2017 when identifying the satisfied and unsatisfied performance obligations, determining the transaction price, and allocating the transaction price to the satisfied and unsatisfied performance obligations. Had the Group elected not to apply this practical expedient, the amount of revenue recorded for the prior year would have been higher.

- For the period from 1 July 2017 to 31 December 2018, the Group did not disclose the amount of the transaction price allocated to the remaining performance obligations and an explanation of when the Group expects to recognise that amount as revenue.

The impact upon the adoption of SFRS(I) 15, including the corresponding tax effects, are described below.

(i) Rendering of services

The Group enters into long-term cord blood, cord lining and cord tissue banking service contracts with tenure ranging from 18 to 25 years. Under SRFS(I) 15, the Group has identified deliverables in its contracts with customers (including variable considerations and material rights) that qualify as performance obligations, namely processing and testing of the cord blood, cord lining and cord tissue sample, and its subsequent storage for 18 to 25 years. The Group has concluded that there are no observable prices for the various performance obligations identified in the contracts with the customers, hence the Group has adopted the expected cost plus margin approach for the estimation of stand-alone selling prices.

Under SFRS(I) 15, the Group is also required to determine whether its contracts include a significant financing component. Upon consideration of the nature of services offered and the purpose of the different payment plans, the Group has determined that the deferred payment plans include a significant financing component and presented the effect of financing on such contracts separately from revenue from contracts with customers in the statement of comprehensive income as the ordinary business activities of the Group does not include significant lending operations.

38 Explanation of transition to SFRS(I) and adoption of new standards (cont'd)

Notes to the reconciliations (cont'd)

SFRS(I) 15 (cont'd)

(i) Rendering of services (cont'd)

	31 December 2018 $'000	1 July 2017 $'000
Consolidated statement of financial position		
Decrease in contract assets	555	352
Decrease in trade receivables	1,218	565
Decrease in other receivables	81	109
Increase in tax recoverable	62	236
Decrease in trade and other payables	1,087	1,272
Decrease in contract liabilities	2,042	3,174
Increase in tax payable	122	–
Decrease in deferred tax liabilities	1,212	1,034
Increase in accumulated profits	1,869	4,738
Increase/(decrease) in other reserves	564	(11)
Decrease in non-controlling interests	6	37
Consolidated statement of comprehensive income		
Decrease in revenue	14,510	
Increase in cost of sales	128	
Increase in selling and marketing expenses	18	
Increase in finance income	11,969	
Increase in tax expense	141	
Increase in foreign currency translation	565	

(ii) Presentation of contract assets and liabilities

On adopting SFRS(I) 15, the Group has also changed the presentation of the following amounts:

(a) 'Trade and other receivables' of $67,536,000 as at 31 December 2018 and $63,090,000 as at 1 July 2017 were reclassified to 'Contract assets'.

(b) 'Deferred revenue' of $64,138,000 as at 31 December 2018 and $46,817,000 as at 1 July 2017 were reclassified to 'Contract liabilities'.

38 Explanation of transition to SFRS(I) and adoption of new standards (cont'd)

Notes to the reconciliations (cont'd)

SFRS(I) 9

SFRS(I) 9 Financial Instruments sets out requirements for recognising and measuring financialassets and financial liabilities. It also introduces a new 'expected credit loss' (ECL) model. The Group adopted SFRS(I) 9 from 1 January 2019.

In accordance with the exemption in SFRS(I) 1, the Group elected not to restate information for the comparative period. Accordingly, the comparative information is presented, as previously reported, under FRS 39 Financial Instruments: Recognition and Measurement. Differences in the carrying amounts of financial assets and financial liabilities resulting from the adoption of SFRS(I) 9 are recognised in retained earnings and reserves as at 1 January 2019.

Arising from this election, the Group is exempted from providing disclosures required by SFRS(I) 7 Financial Instruments: Disclosures for the comparative period to the extent that these disclosures relate to items within the scope of SFRS(I) 9. Instead, disclosures under FRS 107 Financial Instruments: Disclosures relating to items within the scope of FRS 39 are provided for the comparative period.

Changes in accounting policies resulting from the adoption of SFRS(I) 9 have been generally applied by the Group retrospectively, except as described below.

- The following assessments were made on the basis of facts and circumstances that existed at 1 January 2019.

  - The determination of the business model within which a financial asset is held;

  - The determination of whether the contractual terms of a financial asset give rise to cash flows that are solely payments of principal and interest on the principal amount outstanding; and

  - The designation of an equity investment that is not held-for-trading at FVOCI.

The impact upon adoption of SFRS(I) 9, including the corresponding tax effects, are described below.

(i) Classification and measurement of financial assets and financial liabilities

Under SFRS(I) 9, financial assets are classified in the following categories: measured at amortised cost, FVOCI – debt instrument, FVOCI – equity instrument; or FVTPL. The classification of financial assets under SFRS(I) 9 is generally based on the business model in which a financial asset is managed and its contractual cash flow characteristics. SFRS(I) 9 eliminates the previous FRS 39 categories of held-to-maturity, loans and receivables and available-for-sale. Under SFRS(I) 9, derivatives embedded in contracts where the host is a financial asset in the scope of the standard are never separated. Instead, the hybrid financial instrument as a whole is assessed for classification.

For an explanation of how the Group classifies and measures financial assets and related gains and losses under SFRS(I) 9, see note 3.3(ii).

The adoption of SFRS(I) 9 has not had a significant effect on the Group's accounting policies for financial liabilities.

38 Explanation of transition to SFRS(I) and adoption of new standards (cont'd)

Notes to the reconciliations (cont'd)

SFRS(I) 9 (cont'd)

(i) Classification and measurement of financial assets and financial liabilities (cont'd)

The following table and the accompanying notes below explain the original measurement categories under FRS 39 and the new measurement categories under SFRS(I) 9 for each class of the Group's financial assets as at 1 January 2019.

	Note	Original classification under FRS 39	New classification under SFRS(I) 9	Original carrying amount under FRS 39 $'000	New carrying amount under SFRS(I) 9 $'000
Financial assets					
Investments	(a)	Available-for-sale	Designated at fair value	4,200	4,200
Investments	(b)	Held-for-trading	Mandatorily at FVTPL	29,005	29,005
Investments	(c)	Held-to-maturity	Designated at fair value	1,978	1,978
Trade and other receivables*	(d)	Loans and receivables	Amortised cost	34,265	34,265
Cash and cash equivalents	(d)	Loans and receivables	Amortised cost	10,910	10,910
Total financial assets				80,358	80,358

* Exclude GST receivables and prepayments

(a) These equity investments represent investments that the Group and the Company intend to hold for the long term for strategic purposes. The Group and the Company designated these investments at 1 January 2019 as financial assets designated at fair value through profit or loss.

(b) Under FRS 39, these equity investments were designated as held-for-trading because they were managed on a fair value basis and their performance was monitored on this basis. These assets have been classified as mandatorily measured under FVTPL under SFRS(I) 9.

(c) Under FRS39, these non-equity investments were designated as held-to-maturity as the Group intended to hold the investments to its maturity. These assets have been designated at fair value through profit or loss under SFRS(I) 9.

(d) Trade and other receivables that were classified as loans and receivables under FRS 39 are now classified at amortised cost.

SFRS(I) 16

The Group applied SFRS(I) 16 using the modified retrospective approach, under which the cumulative effect of initial application is recognised in retained earnings at 1 January 2019. Accordingly, the comparative information presented for 2018 is not restated - i.e. it is presented, as previously reported, under FRS 17 and related interpretations. Additionally, the disclosure requirements in SFRS(I) 16 have not generally been applied to comparative information. Refer to Note 28.

Class of equity securities	:	Ordinary Shares
Number of equity securites	:	254,007,494 ordinary shares (excluding treasury shares)
Voting rights	:	One vote per share
Number of treasury shares	:	13,517,860 ordinary shares

STATISTICS OF SHAREHOLDERS

Size of Holdings	No. of Shareholders	%	No. of Shares	%
1 – 99	18	0.94	418	0.00
100 - 1,000	174	9.12	121,663	0.05
1,001 - 10,000	1,123	58.86	6,467,212	2.54
10,001 - 1,000,000	580	30.40	26,284,681	10.35
1,000,001 and above	13	0.68	221,133,520	87.06
	1,908	100.00	254,007,494	100.00

SUBSTANTIAL SHAREHOLDERS AS AT 23 MARCH 2020

(As recorded in the Register of Substantial Shareholders)

	Direct		Deemed	
Substantial Shareholders	Number of Shares	% of total issued Shares(1)	Number of Shares	% of total issued Shares(1)
China Stem Cells (East) Company Limited	25,516,666	10.05	–	–
China Stem Cells Holdings Limited	–	–	25,516,666(2)	10.05
China Cord Blood Services Corporation	–	–	25,516,666(3)	10.05
Global Cord Blood Corporation	–	–	25,516,666(4)	10.05
Blue Ocean Structure Investment Company Ltd (BVI)	–	–	25,516,666(5)	10.05
Blue Ocean Creation Investment Hong Kong Limited	–	–	25,516,666(6)	10.05
Shanghai Blue Ocean Ke Rui Financial Information Service Partnership	–	–	25,516,666(7)	10.05
Nanjing Ying Peng Hui Kang Medical Industry Investment Partnership (Limited Partnership)	–	–	25,516,666(8)	10.05
Nanjing Ying Peng Asset Management Limited	–	–	25,516,666(9)	10.05
Sanpower Group Nanjing Investment Management Limited	–	–	25,516,666(10)	10.05
Nanjing Xinjiekou Department Store Co., Ltd.	51,870,000	20.42	–	–
Sanpower Group Corporation	–	–	77,386,666(11)	30.47
Yuan Yafei	–	–	77,386,666(12)	30.47
Full Day Limited	41,460,300	16.32	–	–
Sincere View International Limited	30,000,000	11.81	–	–
Hon Kwok Lung	–	–	71,460,300(13)	28.13
Lam Suk Ying	–	–	71,460,300(14)	28.13

	Direct		Deemed	
Substantial Shareholders	Number of Shares	% of total issued Shares[1]	Number of Shares	% of total issued Shares[1]
Robust Plan Limited	15,920,000	6.27	–	–
Shanghai Dunheng Capital Management Co., Ltd	–	–	15,920,000[15]	6.27
Jiaxing Huiling No. 3 Investment Partnership (Limited Partnership)	–	–	15,920,000[16]	6.27
Minsheng (Shanghai) Asset Management Co., Ltd.	–	–	15,920,000[17]	6.27
China Minsheng Investment Corp., Ltd	–	–	15,920,000[18]	6.27
Jiaxing Huiling Capital Management Co., Ltd	–	–	15,920,000[19]	6.27
CMI Capital Co., Ltd	–	–	15,920,000[20]	6.27
Vcanland Holding Group Company Limited	–	–	18,133,000[21]	7.14
Li Defu	–	–	18,133,000[22]	7.14

Notes:

(1) As a percentage of the issued share capital of the Company (excluding the 13,517,860 Shares held as treasury shares), comprising 254,007,494 Shares as at the Latest Practicable Date.

(2) Based on the Form 3 (Notification Form for Substantial Shareholder(s)/Unitholder(s) in respect of Interests in Securities) ("**Form 3**") received by the Company on 6 September 2017, China Stem Cells Holdings Limited ("**CSCHL**") is the sole shareholder of China Stem Cells (East) Company Limited ("**CSCECL**") and is therefore deemed to be interested in the Shares held by CSCECL by virtue of Section 4 of the SFA.

(3) Based on the Form 3 received by the Company on 6 September 2017, China Cord Blood Services Corporation ("**CCBSC**") is the sole shareholder of CSCHL and is therefore deemed to be interested in the Shares held by CSCECL by virtue of Section 4 of the SFA.

(4) Based on the Form 3 received by the Company on 6 September 2017, "Global Cord Blood Corporation" ("**GCBC**") is the sole shareholder of CCBSC and is therefore deemed to be interested in the Shares held by CSCECL by virtue of Section 4 of the SFA.

(5) Based on the Form 3 received by the Company on 31 January 2018, Blue Ocean Structure Investment Company Ltd (BVI) ("**BOSICL**") holds 65.40% of the issued and outstanding share capital of GCBC and is therefore deemed to be interested in the Shares held by CSCECL by virtue of Section 4 of the SFA.

(6) Based on the Form 3 received by the Company on 31 January 2018, Blue Ocean Creation Investment Hong Kong Limited ("**BOCIHKL**") is the sole shareholder of BOSICL and is therefore deemed to be interested in the Shares held by CSCECL by virtue of Section 4 of the SFA.

(7) Based on the Form 3 received by the Company on 31 January 2018, Shanghai Blue Ocean Ke Rui Financial Information Service Partnership ("**SBOKRFISP**") is the sole shareholder of BOCIHKL and is therefore deemed to be interested in the Shares held by CSCECL by virtue of Section 4 of the SFA.

(8) Based on the Form 3 received by the Company on 31 January 2018, Nanjing Ying Peng Hui Kang Medical Industry Investment Partnership (Limited Partnership) ("**NYPHKMIIP**") is the limited partner of SBOKRFISP and is therefore deemed to be interested in the Shares held by CSCECL by virtue of Section 4 of the SFA.

(9) Based on the Form 3 received by the Company on 31 January 2018, Nanjing Ying Peng Asset Management Limited ("NYPAML") is the general partner of SBOKRFISP. NYPAML is also general partner of NYPHKMIIP. NYPAML is therefore deemed to be interested in the Shares held by CSCECL by virtue of Section 4 of the SFA.

(10) Based on the Form 3 received by the Company on 31 January 2018, Sanpower Group Nanjing Investment Management Limited ("**SGNIML**") is the sole shareholder of NYPAML and is therefore deemed to be interested in the Shares held by CSCECL by virtue of Section 4 of the SFA.

(11) Based on the Form 3 received by the Company on 31 January 2018, Sanpower Group Corporation ("**SPC**") is the sole shareholder of SGNIML and holds 27.32% equity interest in Nanjing Xinjiekou Department Store Co., Ltd. ("**NXDSCL**"). SPC is therefore deemed to be interested in the Shares held by CSCECL and NXDSCL by virtue of Section 4 of the SFA.

(12) Based on the Form 3 received by the Company on 31 January 2018, Yuan Yafei holds 97.5% equity interest in SPC and is therefore deemed to be interested in the Shares held by CSCECL and NXDSCL by virtue of Section 4 of the SFA.

(13) Based on the Form 3 received by the Company on 10 July 2019, Hon Kwok Lung is the sole shareholder of Full Day Limited ("FDL") and holds 80% equity interest in Sincere View International Limited ("**SVIL**"). Lam Suk Ying, the spouse of Hon Kwok Lung, holds 20% equity interest in SVIL. Hon Kwok Lung is therefore deemed to be interested in the Shares held by FDL and SVIL by virtue of Section 4 of the SFA.

(14) Based on the Form 3 received by the Company on 10 July 2019, Lam Suk Ying holds 20% equity interest in SVIL. Hon Kwok Lung, the spouse of Lam Suk Ying, is the sole shareholder of FDL and holds 80% equity interest in SVIL. Lam Suk Ying is therefore deemed to be interested in the Shares held by FDL and SVIL by virtue of Section 4 of the SFA.

(15) Based on the Form 3 received by the Company on 16 September 2015, Shanghai Dunheng Capital Management Co., Ltd ("**SDCMCL**") is the sole shareholder of Robust Plan Limited ("**RPL**") and is therefore deemed to be interested in the Shares held by RPL by virtue of Section 4 of the SFA.

(16) Based on the Form 3 received by the Company on 16 September 2015, Jiaxing Huiling No. 3 Investment Partnership (Limited Partnership) ("**JX No.3**") is the sole shareholder of SDCMCL and is therefore deemed to be interested in the Shares held by RPL by virtue of Section 4 of the SFA.

(17) Based on the Form 3 received by the Company on 16 September 2015, Minsheng (Shanghai) Asset Management Co., Ltd. ("**MSAMCL**") holds 99.95% equity interest in JX No.3 and is therefore deemed to be interested in the Shares held by RPL by virtue of Section 4 of the SFA.

(18) Based on the Form 3 received by the Company on 16 September 2015, China Minsheng Investment Corp., Ltd ("**CMICL**") is the sole shareholder of MSAMCL and is therefore deemed to be interested in the Shares held by RPL by virtue of Section 4 of the SFA.

(19) Based on the Form 3 received by the Company on 16 September 2015, Jiaxing Huiling Capital Management Co., Ltd ("**JHCMCL**") holds 0.05% equity interest in JX No.3 and is therefore deemed to be interested in the Shares held by RPL by virtue of Section 4 of the SFA.

(20) Based on the Form 3 received by the Company on 16 September 2015, CMI Capital Co., Ltd is the sole shareholder of JHCMCL and is therefore deemed to be interested in the Shares held by RPL by virtue of Section 4 of the SFA.

(21) Based on the Form 3 received by the Company on 24 December 2015, Vcanland Holding Group Company Limited ("**VHGCL**") is deemed interested in the Shares held by RPL pursuant to the sale and purchase agreement dated 23 December 2015 entered into with JX No.3 and Jiaxing Huiling Investment Management Co., Ltd for the acquisition of all the shares in the capital of SDCMCL. The completion under the sale and purchase agreement is subject to the satisfaction of several conditions precedents.

(22) Based on the Form 3 received by the Company on 24 December 2015, Li Defu is the shareholder of VHGCL and is therefore deemed to be interested in the Shares held by RPL by virtue of Section 4 of the SFA.

STATISTICS OF **SHAREHOLDINGS**

as at 23 March 2020

TWENTY LARGEST SHAREHOLDERS

No.	Name	No. of Shares	%
1	MAYBANK KIM ENG SECURITIES PTE. LTD.	76,685,900	30.19
2	CGS-CIMB SECURITIES (SINGAPORE) PTE LTD	41,756,326	16.44
3	RAFFLES NOMINEES (PTE) LIMITED	27,437,999	10.80
4	DBS VICKERS SECURITIES (SINGAPORE) PTE LTD	16,451,700	6.48
5	DBS NOMINEES PTE LTD	14,167,653	5.58
6	ALLY HONOUR TRADING (HK) LIMITED	12,800,000	5.04
7	PHILLIP SECURITIES PTE LTD	10,557,563	4.16
8	OCBC SECURITIES PRIVATE LTD	7,067,600	2.78
9	CITIBANK NOMINEES SINGAPORE PTE LTD	6,012,358	2.37
10	COOP INTERNATIONAL PTE LTD	3,107,000	1.22
11	TANTALUM CELLULAR PRODUCTS LLC	2,566,972	1.01
12	ABN AMRO CLEARING BANK N.V.	1,494,699	0.59
13	UNITED OVERSEAS BANK NOMINEES PTE LTD	1,027,750	0.40
14	HSBC (SINGAPORE) NOMINEES PTE LTD	807,000	0.32
15	OCBC NOMINEES SINGAPORE PTE LTD	742,400	0.29
16	UOB KAY HIAN PTE LTD	493,000	0.19
17	KHENG MAY LIAN SUSAN	487,970	0.19
18	LEE IN CHUN	487,200	0.19
19	THET HNIN YI	452,170	0.18
20	TERESA HANGCHI	362,154	0.14
	Total	**224,965,414**	**88.56**

FREE FLOAT [Rule 1207(9) of the Listing Manual]

As at 23 March 2020, approximately 33.49% of the shareholding in the Company was held in the hands of the public (based on the information available to the Company). Accordingly, the Company has complied with Rule 723 of the Listing Manual.

BOARD OF DIRECTORS

Dr Goh Jin Hian
Chairman and Independent Director
Dr Ho Choon Hou
Vice Chairman and Independent Director
Ms Tan Poh Lan
Executive Director and Group Chief Executive Officer
Mr Joseph Wong Wai Leung
Independent Director
Mr Yeo Hwee Tiong
Independent Director
Mr Fong Chi Wah
Non-Independent Non-Executive Director
Ms Wang Lin
Non-Independent Non-Executive Director
Mr Chang Chien
Non-Independent Non-Executive Director
Mr Zhai Lingyun
Non-Independent Non-Executive Director

COMPANY SECRETARY

Ms Ang Siew Koon, ACIS

REGISTERED OFFICE

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A'Posh Bizhub, #06-01/09
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www.cordlife.com

REGISTRATION NUMBER

200102883E

SHARE REGISTRAR AND SHARE TRANSFER OFFICE

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INDEPENDENT AUDITORS

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Public Accountants and Chartered Accountants
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Partner in-charge:
Mr Quek Shu Ping
(Appointed since financial year ended 31 December 2019)

SOLICITORS TO THE COMPANY

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BANKERS

DBS Bank Ltd
Standard Chartered Bank
Malayan Banking Berhad

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Mr Ngo Yit Sung / Ms Yong Jing Wen

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