

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

UPDATE ON TESTING RESULTS FOR TANKS UNDER INVESTIGATION

The Board of Directors of Cordlife Group Limited (the "**Company**") refers to its announcements dated 30 November 2023, 13 December 2023, 15 December 2023, 17 January 2024 and 23 January 2024 (collectively, the "**Announcements**") relating to, among others:

- (a) the issuance of a notice from the Ministry of Health ("**MOH**") to stop for a period of up to six months, the collection, testing, processing and/or storage of any new cord blood and human tissues, or the provision of any new types of tests to patients (the "**Notice**");
- (b) the Company's acceptance of the contents of the Notice;
- (c) the letter from the MOH directing the Company to give effect to the contents of the Notice;
- (d) the Company's update on the tanks under investigation by the MOH; and
- (e) the letter from the MOH providing a list of the potential areas of non-compliance with the Healthcare Services (General) Regulations and the Healthcare Services (Cord Blood Banking Service) Regulations that the MOH has identified based on its inspections.

With reference to the above, the Board wishes to announce an update on the testing results for the tanks under investigation by the MOH. The Company notes that the MOH has also released a press release on the said testing results on the date of this announcement.

Since the end of December 2023, the Company has been sending donated cord blood units ("**CBUs**") from six cryogenic storage tanks and one dry shipper under investigation, to a third-party laboratory in Singapore licensed by the MOH for testing. These tanks house approximately 19,000 CBUs belonging to active clients. Six donated CBUs were selected from each tank for testing to ensure adequate coverage of temperature variations across the tank. If more than one CBU failed the first round of testing, another six donated samples were selected from the same tank for additional testing.

After the initial round of testing for the six cryogenic storage tanks and one dry shipper, five of the cryogenic storage tanks are at low risk of being adversely affected by temperature excursions (such tanks, the "**Low-Risk Tanks**"). All of the tested CBUs from the Low-Risk Tanks have shown cell viability and potency. The Low-Risk Tanks house approximately 13,700 CBUs for active clients. Based on the detailed analyses performed, the Company established that the temperature excursions recorded in four of the Low-Risk Tanks were caused by the displacement of the respective temperature probe during routine maintenance for three of these Low-Risk Tanks and the incorrect mapping of the temperature probe data for the fourth Low-Risk Tank. The temperature of the fifth Low-Risk Tank went above the -150°C threshold set by the Association for the Advancement of Blood & Biotherapies ("**AABB**") and the Foundation for the Accreditation of Cellular Therapy ("**FACT**") standards for five hours, with the highest temperature recorded during this excursion being -144.7°C. A detailed analysis conducted

on the fifth Low-Risk Tank established that the temperature excursion was caused by a delay in replenishing liquid nitrogen.

The current round of testing is a high-level preliminary impact assessment to ascertain the risk of the temperature excursions affecting the CBUs. Following this, the Company will be sending over 200 samples, a statistically meaningful number of CBUs from the five Low-Risk Tanks, for testing to provide more assurance in the testing results. During this process, the Company will pause any applicable billings for the Low-Risk Tanks until the results of the additional testing are released, with each tank being assessed individually. The Company anticipates that such additional testing may take several months and up to a year to complete but is concurrently looking for other testing laboratories both overseas and within Singapore where the Company can send the samples to speed up the process.

The remaining one cryogenic storage tank ("**Tank 6**") and the dry shipper, which together contain approximately 5,300 CBUs from active clients, have been deemed by the MOH's expert panel to be at high risk of being adversely affected by the temperature excursions (such tanks, the "**High-Risk Tanks**"). As the first batch of testing from the High-Risk Tanks did not yield conclusive results, additional donated CBUs stored in the High-Risk Tanks were tested. Specifically, out of the 12 donated CBUs from Tank 6 that were tested, four demonstrated both cell viability and potency. Testing was also performed on 12 donated CBUs from the dry shipper, and seven demonstrated both cell viability and potency. Based on the detailed analyses carried out, Tank 6 and the dry shipper recorded the highest temperature excursions of -11.6°C and -132.6°C, respectively. The temperature excursions in the High-Risk Tanks were also primarily due to shortcomings in the way temperature checks were conducted, causing delays in replenishing liquid nitrogen to regulate tank temperatures. Hence, arising from the test results, the Company cannot be certain of the viability and potency of every CBU stored in the High-Risk Tanks and will deem that the CBUs in the High-Risk Tanks are at high risk of being adversely affected by temperature excursions and have to be deemed non-viable.

As previously announced on 30 November 2023, the MOH's expert panel had determined that the CBUs in a seventh cryogenic storage tank ("**Tank A**", as referred to in the MOH's announcement on 30 November 2023) were unlikely to be suitable for stem cell transplant purposes. The Company has offered to refund annual fees received from the start of the temperature excursion and waive subsequent fees for all active clients whose CBUs are stored in Tank A, as well as continuing to store CBUs for these clients until the maturity of their service agreements when their child turns 21. As the High-Risk Tanks have been deemed to be at high risk of being adversely affected by the temperature excursions and the CBUs are deemed impacted, the Company will also be offering a refund of annual fees received from the start of the temperature excursion and waiving subsequent fees for all active clients whose CBUs are stored in the High-Risk Tanks, as well as continuing to store CBUs for these clients until the maturity of their service agreements when their child turns 21. At the same time, the Company will also honour its commitment to find a suitable CBU if, in the opinion of the transplant physician, it is subsequently determined that their child's CBU cannot be successfully used solely because it does not meet the viability criteria when an approved cord blood transplant is required.

The Company is in the process of contacting all clients whose CBUs are stored in the Low-Risk Tanks and High-Risk Tanks to inform them of the results of their respective tanks and the follow-up plans.

The Company has estimated that the refund and waiver of annual fees for all affected active clients would result in a decrease in revenue and profit before tax of approximately S\$9.2 million, which will

have an adverse impact on the financial results of the Group for the financial year ending 31 December 2024.

Currently, the Company is working with the MOH to identify and implement measures aimed at preventing similar occurrences in the future. As previously announced on 23 January 2024, the Company is committed to implementing appropriate rectification measures to address all areas of non-compliance with the Healthcare Services (General) Regulations and the Healthcare Services (Cord Blood Banking Service) Regulations by 31 May 2024. These will include strengthening standard operating procedures, providing comprehensive staff training, implementing a more robust laboratory monitoring system, and fortifying all fail-safe measures.

In the meantime, shareholders of the Company and potential investors should exercise caution when dealing in the shares of the Company. They should consult their stockbrokers, bank managers, solicitors, or other professional advisers if they have any doubt about the actions they should take.

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

For and on behalf of the Board

CORDLIFE GROUP LIMITED

Ivan Yiu
Group CEO

8 April 2024