

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

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**RESPONSE TO FURTHER QUERIES FROM THE SINGAPORE EXCHANGE REGULATION**

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The Board of Directors (the "**Board**") of Cordlife Group Limited (the "**Company**") and together with its subsidiaries, the "**Group**") refers to its announcement dated 6 May 2024 in relation to its responses to queries received from the Singapore Exchange Regulation ("**SGX**") relating to certain outstanding matters (the "**Previous Announcement**"). Unless otherwise defined, all capitalised terms used and not defined in this announcement shall have the same meanings as defined in the Previous Announcement.

The Company has received the following additional queries from the SGX in relation to the Outstanding Matters, and the responses that it has received are as set out below.

Shareholders should note that in respect of the SGX queries, the Company has set out the responses from Nanjing Xinjiekou Department Store Co., Ltd. ("**NJXJK**"), TransGlobal Real Estate Group, Ltd ("**TG**") and/or the respective Directors, and the Company has not conducted an independent review or verification of the accuracy of any of the responses received, and takes no responsibility for the accuracy of any of such responses. The Company reserves its rights to provide further responses or clarifications to the input it has received from the respective Directors in due course.

**SGX Query**

We refer to the Company's response to SGX queries on 6 May 2024 concerning the Outstanding Matters. We note that the Company did not provide any substantive explanation on how the resultant Board will ensure continuity as well as coordinate and cooperate with the relevant authorities to resolve the current issues and Outstanding Matters. It was merely stated, *inter alia*, that "this question should be addressed by the resultant Board after the AGM" and that the resultant Board "may convene an emergency meeting to discuss these issues after the AGM" and "do their best to ensure there will be a smooth transition and handover between the incoming Directors and outgoing Directors". The state of affairs of the Company raises concerns as to whether the directors of the resultant Board will have connections to Singapore and will be present in Singapore to resolve the Outstanding Matters which are material for the continuing operation of the Company. This is information that is critical in enabling shareholders to make an informed voting decision on the proposed nominations and removal of certain existing directors.

Question 1: Assuming that only the resolutions in the NJXJK Requisition Notice were carried at the annual general meeting ("**AGM**"), please clarify who the resultant Board will comprise (the "**NJXJK Resultant Board**"). Elaborate with details on the specific steps and plans that the NJXJK Resultant Board intends to undertake to ensure continuity and completion of the Outstanding Matters in Singapore. For each Outstanding Matter, please include which director(s) in the NJXJK Resultant Board will provide oversight and what their relevant experience and expertise are to enable them to oversee such matters.

### **NJXJK Resultant Board**

Assuming all resolutions in the NJXJK Resolution Notice are carried at the AGM<sup>1</sup>, the Directors that will be appointed to the Board will be as follows:

1. Mr Zhai Lingyun (Non-Independent Non-Executive Director) ("**Mr Zhai**")
2. Ms Chen Xiaoling (Non-Independent Non-Executive Director) ("**Ms Chen**")
3. Mr Yiu Ming Yiu (Non-Independent Non-Executive Director) ("**Mr Yiu**")
4. Mr Chow Wai Leong (Non-Independent Non-Executive Director) ("**Mr Chow**")
5. Dato' Dr Teo Tong Kooi (Independent and Non-Executive Director) ("**Dato' Dr Teo**")
6. Dr Xu, Tianhong (Independent and Non-Executive Director) ("**Dr Xu**")
7. Mr Cai, Yong (Independent and Non-Executive Director) ("**Mr Cai**")

### **Response Received Mr Zhai and Ms Chen (as Directors nominated by NJXJK)**

Mr Zhai and Ms Chen (as Directors nominated by NJXJK) have provided their response in relation to SGX's question 1. The Company has reproduced the response provided by Mr Zhai and Ms Chen below, save for the link to the open letter as referenced in the penultimate paragraph of this response, as the Company has received preliminary legal advice that the contents of the link are potentially defamatory:

"We wish to elaborate on our earlier responses to SGX RegCo where we had qualified that certain issues could only be addressed after the reconstitution of the Board. We respectfully submit that being non-executive non-independent Directors nominated by NJXJK, we are not in a position to commit the resultant Board members without first consulting with them on a unified Board position on the next steps. As such, we highlight the immediate key matters faced by the resultant Board and our recommendations, which will have to be decided upon at an emergency Board meeting:

#### **Corporate Governance Matters**

- (a) Reconstituting the Audit & Risk Committee, the Nominating Committee, Remuneration Committee and the Committee of Inquiry (in relation to Cordlife's lapses) among the resultant Board, such that they will be able to discharge their duties as committee members moving forward.
- (b) Making arrangements for existing director Chen Xiaoling to remain in Singapore for at least the next few months to provide support and facilitate a smooth handover of Board matters to the newly appointed Directors. Together with Dato' Dr Teo, she will engage with the Singapore regulators (including SGX RegCo and MOH) as well as customers to address ongoing concerns in Singapore.
- (c) Appointing additional Directors to strengthen the capabilities and presence of the Board and to continuously take into consideration concerns of regulators and the shareholders. This includes

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<sup>1</sup> This assumes that Ordinary Resolutions 2 to 5 (in relation to the re-election of Directors retiring pursuant to Article 94 of the Company's constitution ("**Constitution**")) and Ordinary Resolutions 9 to 15 (in relation to the resolutions in the NJXJK Requisition Notice) will be passed, and Ordinary Resolution 16 is not tabled to shareholders for voting. Shareholders should note that in relation to Ordinary Resolution 16, as stated in paragraph 3.2.5 of the circular to shareholders dated 29 April 2024 (the "**Circular**"), this resolution will be tabled for voting by shareholders ONLY if any Director is appointed between the Latest Practicable Date of the Circular and the date of the AGM. Please refer to the Circular for further details.

appointing a medical practitioner and a lawyer based and qualified in Singapore. These professionals will guide the management on effectively rectifying Cordlife's lapses, to address corporate governance issues and to lead the Board on risk management. They will also be well-equipped to guide the Company on outstanding matters with MOH, CAD and the police.

- (d) Appointing a new Group CEO and stabilisation of existing management. The Board will undertake a global executive search and concurrently tap on our global connections and resources to identify a suitable candidate with the requisite track record and expertise in the cord blood banking industry to serve as Cordlife's new Group CEO. The new Group CEO will also be responsible for handling the ongoing matters with MOH, CAD and the police.
- (e) Engaging third party professionals crucial to support Cordlife in improving and maintaining high corporate governance standards expected of a Singapore-listed company. This includes the appointment of a new company secretary and share registrar (as Tricor WP Corporate Services Pte. Ltd. has notified the Board on 23 April 2024 of their resignation effective on 23 May 2024) and new auditors of the Group (as KPMG LLP will not be seeking re-appointment at the upcoming AGM).

#### Operational Matters

- (f) Transferring existing resources and manpower from our operations in China, including the laboratory and technical experts from China, the United States of America and Hong Kong, to Cordlife. This is aimed at enhancing the technical processes and introducing industry best practices into Cordlife's operations, thereby giving further assurances to MOH and existing customers of Cordlife.
- (g) Working closely with regulators and implementing a rectification plan, including engaging external experts (through NJXJK's network) from organisations such as Cord Blood Association (CBA), the Foundation for the Accreditation of Cellular Therapy (FACT) and the Association for the Advancement of Blood & Biotherapies (AABB) to guide Cordlife on its technical processes, hiring technical specialists to train and oversee Quality Assurance and Quality Engineering teams to enhance laboratory processes and engaging with affected clients, which include potentially offering human leukocyte antigens (HLA) matching services and facilitating safe transfers of cord blood units. This may be facilitated through NJXJK's extensive storage of cord blood units across China, where, combined with our affiliates, they manage almost 2,000,000 units for clients. The resultant Board's primary focus will be on managing Cordlife's risks and ensuring the satisfaction of Cordlife's clients. The resultant Board will also place particular emphasis on ensuring that information is disseminated to the public and clients accurately and in a timely manner, including providing updates on progress in addressing deficiencies identified by Cordlife and regulators.

NJXJK has also released an open letter setting out more details on, *inter alia*, its future plans and strategies. Shareholders are invited to access the same via the following link: [\[link\]](#)<sup>2</sup>.

As mentioned above, the above matters are non-exhaustive and remain subject to ongoing review with the resultant Board, management and regulators. The Board will fully cooperate with SGX RegCo and

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<sup>2</sup> As stated above, the Company has not included the link to the open letter in this paragraph of this response, as the Company has received preliminary legal advice that the contents of the link are potentially defamatory.

provide meaningful updates via SGXNET to ensure compliance with prevailing SGX listing rules, including Appendix 7.1 (Corporate Disclosure Policy) of the Listing Manual of the Singapore Exchange Securities Trading Limited."

### **SGX Query**

**Question 2. Assuming that only the resolutions in the TG Requisition Notice were carried at the AGM, please clarify who the resultant Board will comprise (the "TG Resultant Board"). Elaborate with details on the specific steps and plans that the TG Resultant Board intends to undertake to ensure continuity and completion of the Outstanding Matters in Singapore. For each Outstanding Matter, please include which director(s) in the TG Resultant Board will provide oversight and what their relevant experience and expertise are to enable them to oversee such matters.**

### **TG Resultant Board**

Assuming all resolutions in the TG Resolution Notice are carried at the AGM<sup>3</sup>, the Directors that will be appointed to the Board will be as follows:

1. Ms Chen Xiaoling (Non-Independent Non-Executive Director)
2. Mr Yiu Ming Yiu (Non-Independent Non-Executive Director)
3. Mr Chow Wai Leong (Non-Independent Non-Executive Director)
4. Dr Ho Choon Hou (Acting Chairman and Non-Independent Non-Executive Director) ("**Dr Ho**")
5. Mr Yeo Hwee Tiong (Independent Director) ("**Mr Yeo**")
6. Mr Cheong Tuck Yan Titus Jim (Independent Director) ("**Mr Cheong**")

### **Response Received from TG, Dr Ho, Mr Yeo and Mr Cheong**

TG, Dr Ho, Mr Yeo and Mr Cheong have provided their response in relation to SGX's question 2 as reproduced below:

"At the outset, it should be noted that while Dr Ho, Mr Yeo and Mr Cheong have endeavoured to be as comprehensive and detailed as possible in their response below, some of the actions taken by the Company are confidential and subject to privilege. Nonetheless, Dr Ho, Mr Yeo and Mr Cheong have shared as much information as they can below, subject to the foregoing constraints.

#### **(a) Genuine concern and care for the Company**

Since the temperature excursion incident was reported to the Board, Non-Executive Non-Independent Director Dr Ho and Independent Directors Mr Yeo and Mr Cheong (together "**the 3 Local Directors**") took it upon themselves to investigate how these lapses happened, which tanks were affected, the impact the incident on the Company's clients, and to determine how to safeguard the rest of the unaffected tanks.

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<sup>3</sup> This assumes that Ordinary Resolutions 2 to 5 (in relation to the re-election of Directors retiring pursuant to Article 94 of the Constitution) and Ordinary Resolutions 17 to 18 (in relation to the resolutions in the TG Requisition Notice) will be passed, and Ordinary Resolution 19 is not tabled to shareholders for voting. Shareholders should note that in relation to Ordinary Resolution 19, as stated in paragraph 4.3 of the Circular, this resolution will be tabled for voting by shareholders ONLY if any Director is appointed between the Latest Practicable Date of the Circular and the date of the AGM. Please refer to the Circular for further details.

Despite being non-executive directors and not involved at all in the day-to-day operations of the Company. The 3 Local Directors took it upon themselves to investigate and find out what had actually happened, how this happened, the impact the incident had on the cord blood units ("**CBUS**") of the Company's clients, and how to safeguard the many unaffected tanks. This required a deep dive into the operations of the Company and was a time-consuming effort as the Company has over 90,000 contracts in Singapore.

Dr Ho and Mr Yeo, with their relevant healthcare management and operational experience, and Mr Cheong, with his system and process experience, were able to assess the issues and challenges ahead. The resignation of many key management staff also meant that a lot of historical and institutional knowledge was not so easily accessible.

The 3 Local Directors felt they had a duty as responsible Directors and professionals of the Company to ensure that they dealt with great care and detail the rectification of instances of non-compliances. They also liaised and updated the Ministry of Health ("**MOH**") on the progress of the rectification, and worked towards the lifting of the suspension.

The 3 Local Directors have also been actively working with the Company's management ("**Management**"), to communicate with clients and to reach out to their respective networks of subject matter experts to expedite rectification. The 3 Local Directors have acted in the interest of the Company, the clients and also the stakeholders of the Company, including MOH and SGX.

(b) **Police report and Committee of Inquiry ("**COI**"), and Commercial Affairs Department ("**CAD**") investigation**

The 3 Local Directors have led the Company's efforts to ensure clear, transparent and timely communication to all stakeholders. These include:

At a Board Meeting on 10 November 2023, Dr Ho (with the support of Mr Yeo and Mr Cheong) suggested the formation of an independent COI made up of independent Directors of the Company to investigate the cause of the temperature excursion incident and develop steps necessary to prevent similar occurrences in the future.

Dr Ho further mooted (with the support of Mr Yeo and Mr Cheong) the appointment of an external consultant to conduct an independent investigation, whose factual findings will be shared with the COI so that the COI may determine the next steps moving forward. The investigative findings of the external consultant will ensure the situation is assessed in a fair and transparent manner, so that the COI may provide adequate answers to all stakeholders, and the root causes and systemic issues are identified, addressed, rectified and improved.

Dr Ho has also been instrumental in launching the COI and Mr Cheong, with his background in operational process consultancy, will lead the COI. If the 3 Local Directors remain on the TG Resultant Board, they will continue to liaise with the external consultant, consider the direction and scope of investigations, and work with the external consultant to fully uncover the series of events that led to the temperature excursion incident.

The TG Resultant Board will also work closely with the Singapore Police to assist in the investigations triggered by the police report and will also keep MOH, SGX, clients and shareholders updated on developments if permitted by the Singapore Police to do so.

It is also worth noting that to date, all the members of the Resultant Board have been cooperative with the CAD investigation. When the Directors who are located overseas were requested by the CAD to come to Singapore to assist with the investigations, Mr Yiu did so on 2 April 2024, while Ms Chen requested that the meeting with CAD be rescheduled to 21 May 2024.

(c) **MOH rectification and ensuring sustainability of the corrective actions**

The 3 Local Directors have also been following up closely with MOH and keeping MOH updated on, among others, the progress of the rectification work, and how the Company has been addressing the various Corrective Action Reports, with a view to having the suspension lifted as soon as possible. They have also met with MOH representatives to reassure them that the Board is taking this matter seriously, and is keen on putting things right.

Mr Yeo, with his extensive background in healthcare management and dealing with healthcare lapses, has been instrumental in ensuring that the rectification progress and the implementation of corrective actions are properly carried out. He has also helped to optimise the organisational structure for the Company's operating entity in Singapore. With his clear understanding of the citations issued by MOH, he has been working actively with the laboratory personnel to ensure citations cited are systematically cleared. He will continue with these efforts if he remains on the TG Resultant Board.

Tapping on his project management expertise, Mr Yeo also worked with Mr Yiu Pang Fai (Ivan), the Group Chief Executive Officer ("**Group CEO**") on implementing a more efficient and accountable organisation structure for the Company, and proposed additional monitoring criteria for the ongoing review and verification exercise for the affected tanks, a new centralized monitoring system for the cryogenic storage tanks, as well as the adoption of the Gantt Chart, a project management tool with a strong track record. The 3 Local Directors have also worked with Management to implement a more advanced laboratory monitoring system, which has a web-based dashboard. The system will send multiple alerts via e-mail, SMS and phone call once potential issues are detected, instead of merely via SMS alerts.

Mr Yeo and Mr Cheong have actively participated in on-site inspections conducted by MOH, and actively reached out to subject matter experts to bring in more expertise to the team.

Both Dr Ho and Mr Yeo have been actively recruiting healthcare (both medical and laboratory) professionals to bolster the medical and laboratory technical team here in Singapore.

Dr Ho has also been liaising with the Group CEO and MOH to ensure continuity of care and fairness for affected clients, and has constantly provided MOH with status updates on the ongoing rectification. They have also taken up the task of updating local and regional staff on the challenges that the Singapore arm of the Company is facing and encouraging them to look after their respective country's operations and the interest of their respective clients.

Together, Mr Cheong, Mr Yeo and Dr Ho – who have among them 60 years of experience in the healthcare sector, from biotech to healthcare services, and turnarounds of distressed healthcare assets – will pull in all available resources from several local partners to ensure the Company recovers from this episode. The team will endeavour to bring back clients' trust, and ensure that the best practices introduced during the rectification process will continue to be in place.

The 3 Local Directors will also continue to engage with Management to ensure that the rectification plans are carried out on timely basis. They provide oversight, support and guidance when Management encounters challenges during the rectification effort. This will continue if they remain on the TG Resultant Board.

The 3 Local Directors, Mr Yiu and Mr Chow (who are proposed to form part of the TG Resultant Board), have collectively formulated a plan to ensure business continuity and completion of the Outstanding Matters:

- (i) prioritise rebuilding the Company's foundation in the financial year ending 31 December 2024 and strengthen its core processes to prevent future disruptions. Regardless of whether the MOH suspension is lifted, the Company's focus will be on fortifying all fail-safe measures, leveraging technology for all its operations across the region and to ensure such incident never happen again;
- (ii) increase personal engagements with all clients to minimise the impact of the distress and concern caused, and to better understand our clients' positions such that an amicable resolution may be reached. These engagements will include more face-to-face interactions with affected clients, arranging for onsite tours and townhalls;
- (iii) actively engage with MOH and the Foundation for the Accreditation of Cellular Therapy, a leading accreditation body, to ensure implementation of industry best practices on processes, procedures and protocols. By working closely with these entities, it will ensure long term sustainability of all the corrective actions put in place;
- (iv) establish a medical and technical advisory board which will provide ongoing guidance and insights to the Company's medical and technical teams. This medical and technical advisory board will also provide advice on access to continuing medical education for the Company's laboratory professionals to continuously update and upgrade their knowledge on best practices; and
- (v) hire an external consultant to strengthen corporate governance and organisation culture, and reinforce the sense of responsibility and accountability among staff. This exercise will improvise internal controls and necessary checks and balances. Staff will also be educated on the importance of looking out for one another, and of proper escalation policies to ensure the Board is kept notified on a timely basis.

To ensure that customers and the public are also regularly updated, the 3 Local Directors approved a major media engagement on 7 May 2024 in the form of a press release and interviews with major local media. The extensive coverage generated on 8 May 2024 underscore the commitment of the 3 Local Directors to maintain openness and transparency. The 3 Local Directors intend to maintain these

channels of open communication and intend to conduct a 'townhall' meeting with affected customers in the near future.

(d) **Appointment of new auditors and business continuity**

Mr Cheong and Ms Thet Hnin Yi, the Group Chief Financial Officer, have reached out to several audit firms to consider their appointment. That said, the Company's main focus is to address the Outstanding Matters as referenced in its announcement dated 6 May 2024, and will resume this exercise, including an Extraordinary General Meeting to seek shareholders' approval for such an appointment, in the latter half of 2024.

Dr Ho and the Group CEO continue to ensure that all operations regionally continue smoothly and ensure that there are sufficient financial resources in each of these countries to fulfil their respective client obligations. Since the MOH suspension on 15 December 2023, the Company has not been generating any new revenue or cashflow from the collection of new samples, and the Company is uncertain of the business outlook in Singapore even when the suspension is lifted. The Company does not wish to compromise the operations or regulatory obligations of the Group's entities in the other regions simply to address the Singapore entity's immediate needs for cashflow, especially given that most of the contracts that the Group has in other regions feature upfront payment from clients.

The welfare of the Company's staff is also of utmost importance to the TG Resultant Board. In Singapore alone, the Company has 120 staff who have stayed with the Company throughout this difficult period, and have been working closely with relevant authorities, clients, and stakeholders to resolve all immediate issues. It is important that the Company and the Board appreciate their efforts and continue to support them as they have been doing their best for the Company during this period.

(e) **Refunds to affected parents**

Save for Ms Chen, the 3 Local Directors, Mr Yiu and Mr Chow (who would form part of the TG Resultant Board), are of the view that new capital is needed for the Company to fulfil its obligations to local clients and operations, without comprising operations in other countries. As mentioned by the Group CEO during a recent media interview, "*[c]ertain things we say we would do as a company, we need to make good to these parents. We already failed them once, we don't want to fail them another time*". The TG Resultant Board will continue to work with Management on addressing the potential claims by affected parents, including issuing partial refunds where appropriate and strengthening its laboratory operations to ensure that each licensed laboratory in each country is self-sufficient, so that the Company's operational and technical assistance can be shared across the different countries in which the Group operates.

(f) **Key challenges and how the TG Resultant Board have helped or will help mitigate some of these issues**

The Company is currently facing several challenges:

- (i) a six (6)-month suspension by MOH on 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;



- (ii) a long list of non-compliances and in-progress rectification work;
- (iii) legal claims by affected customers and loss of customer confidence;
- (iv) resignation of several key management staff who have better knowledge of the previous incidents;
- (v) managing and engaging with both affected and unaffected clients to restore client confidence;
- (vi) engaging with and updating relevant authorities, including SGX and MOH;
- (vii) investing in additional resources to strengthen laboratory and technical excellence despite the inability to collect new sample collection or testing pending the lifting of the MPH suspension; and
- (viii) shareholder turmoil.

Amid these challenges, the Board has had to spend resources, time and efforts to address the recent corporate actions undertaken by certain shareholders to replace the 3 Local Directors.

The 3 Local Directors, being entirely based in Singapore, are actively managing the above issues together with Management. While it is important to focus on these issues, the Company must also look to the future. This is where the continuity of the 3 Local Directors is very important, as:

- (A) the Local Directors have detailed knowledge of the incidents;
- (B) they are personally involved in the rectification;
- (C) they are involved in engaging and keeping stakeholders informed;
- (D) they are liaising with MOH;
- (E) they understand clearly what needs to be done to turn the Company around;
- (F) they understand the need to win back the trust equity with the regulators, as well as the Company's clients and shareholders, especially in Singapore;
- (G) they have detailed knowledge of the Company;
- (H) as they are based locally and have developed strong networks of relationships with partners and related service providers that they can call upon in service of the Company; and
- (I) importantly, they have a genuine interest to see that the Company's interests are safeguarded and to see that the Company does right by its clients."

For and on behalf of the Board  
**CORDLIFE GROUP LIMITED**

Ivan Yiu Pang Fai  
 Group CEO

10 May 2024