CORDLIFE GROUP LIMITED

Condensed Interim Financial Statements for the Six Months Ended 30 June 2024

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A Condensed interim consolidated statement of profit or loss and other comprehensive income

	Group		
	6 months ended 30 June		+/(-)
	2024	2023	Increase/ (Decrease)
	S$'000	S$'000	%
Revenue	9,190	28,313	(67.5)
Cost of sales	(7,788)	(9,161)	(15.0)
Gross profit	1,402	19,152	(92.7)
Other operating income	368	123	>100
Selling and marketing expenses	(7,289)	(9,356)	(22.1)
Administrative expenses	(10,260)	(9,202)	11.5
Finance income	1,746	1,630	7.1
Finance costs	(111)	(135)	(17.8)
(Loss)/profit before income tax from operations *	(14,144)	2,212	n.m.
Share of profit of associate	610	523	16.6
(Loss)/profit before income tax	(13,534)	2,735	n.m.
Income tax credit/(expense)	1,181	(506)	n.m.
(Loss)/profit for the financial period	(12,353)	2,229	n.m.
Other comprehensive loss for the financial period, net of tax:			
Item that may be reclassified subsequently to profit or loss			
Foreign currency translation^	(264)	(680)	(61.2)
Total comprehensive (loss)/income for the financial period	(12,617)	1,549	n.m.

^Foreign currency translation classified as other comprehensive loss and presented in the foreign currency translation reserve in equity, represents the exchange differences arising from:

- translation of assets and liabilities of foreign operations to Singapore dollars at exchange rates at the reporting date; and
- translation of income and expenses of foreign operations to Singapore dollars at exchange rates at the dates of the transactions.

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.

*In order to provide more clarity to readers, the Group has separately presented its share of profit of associate.

A Condensed interim consolidated statement of profit or loss and other comprehensive income (cont'd)

	Group 6 months ended 30 June		+/(-)
	2024	2023	Increase/ (Decrease)
	S$'000	S$'000	%
(Loss)/profit for the financial period attributable to:			
- Owners of the Company	(12,356)	2,225	n.m.
- Non-controlling interests	3	4	(25.0)
	(12,353)	2,229	n.m.
Total comprehensive (loss)/income for the financial period attributable to:			
- Owners of the Company	(12,621)	1,537	n.m.
- Non-controlling interests	4	12	(66.7)
	(12,617)	1,549	n.m.
(Loss)/earnings per share (cents per share):			
- Basic	(4.82)	0.87	n.m.
- Diluted	(4.82)	0.87	n.m.

A Condensed interim consolidated statement of profit or loss and other comprehensive income (cont'd)

A(i) Notes to the consolidated statement of profit or loss

	Group		
	6 months ended 30 June		
	2024	2023	
	S$'000	S$'000	
Depreciation of property, plant and equipment	1,700	1,542	[1]
Amortisation of intangible assets	401	395	
Impairment loss on trade receivables and bad debts written off, net	415	214	[2]
Foreign exchange (gain)/loss	(8)	90	[3]
Other operating income	(368)	(123)	[4]
Over-provision of tax in respect of prior years	—	(195)	[5]
Finance income	(1,746)	(1,630)	[6]

Notes

1. Increase in depreciation of property, plant and equipment in the six months ended 30 June 2024 ("1H2024") compared to six months ended 30 June 2023 ("1H2023") was mainly due to addition of laboratory equipment in Singapore and Hong Kong, leasehold improvements made to the Singapore laboratory in 1H2024, and unwinding of depreciation due to addition of right-of-use assets for new office unit leases in India which commenced in 2H2023.

2. The increase in net impairment loss on trade receivables and bad debts written off of approximately S$201,000 in the 1H2024 compared to 1H2023 was mainly due to additional allowance for doubtful debts provided in Hong Kong, India and Indonesia.

3. Foreign exchange gain of S$8,000 was recognised in 1H2024, compared to the foreign exchange loss of S$90,000 in 1H2023. The decrease in foreign exchange loss recognised was mainly contributed by Malaysia and Singapore.

   In Malaysia, MYR weakened steadily against SGD from January 2023 through June 2023 in 1H2023, while in 1H2024, there was no major exchange rate fluctuation for MYR against SGD, thus resulting in a lower foreign exchange loss incurred during the course of business.

   In Singapore, the Company has a portion of cash and cash equivalents denominated in USD as at 30 June 2024. An increase in foreign exchange gain recognised was due to low volatility for USD against SGD in 1H2023, while in 1H2024, USD strengthened steadily against SGD from January 2024 through June 2024.

4. Other operating income increased by S$245,000 from 1H2024 to 1H2023 mainly due to the reversal of over-accrual of expenses in prior years in India.

5. Over-provision of tax in respect of prior years of approximately S$195,000 for 1H2023 mainly comprises an over-provision of corporate income tax in Indonesia of S$166,000 and a net over-provision of deferred tax on the share of profits of associate in Malaysia of S$29,000. There is no such over-provision of tax in 1H2024.

6. Finance income increased by S$116,000 from 1H2024 to 1H2023 mainly due to the increase in fixed deposit interest rates.

B Condensed interim statements of financial position

	Group as at		Company as at	
	30 June 2024	31 December 2023	30 June 2024	31 December 2023
	S$'000	S$'000	S$'000	S$'000
Non-current assets				
Property, plant and equipment	16,372	16,271	5,985	6,112
Investment properties	4,738	4,736	2,433	2,433
Intangible assets	29,544	29,308	907	995
Deferred tax assets	2,102	858	1,744	415
Investment in subsidiaries	—	—	56,841	56,841
Investment in associate	2,483	2,218	—	—
Contract assets	62,250	62,556	39,195	38,788
Fixed deposits	6,325	8,671	—	—
	123,826	124,628	107,105	105,584
Current assets				
Inventories	914	797	212	207
Prepayments	1,906	2,215	672	879
Trade receivables	23,986	22,672	10,192	10,215
Other receivables	3,928	3,170	1,460	751
Tax recoverable	1,323	1,105	—	—
Amount owing by subsidiaries	—	—	23,931	25,349
Short-term investments	5,642	5,855	4,392	4,627
Fixed deposits	36,471	40,731	1,067	6,111
Pledged fixed deposits	8,883	8,860	—	—
Cash and cash equivalents	17,427	18,423	5,980	7,127
	100,480	103,828	47,906	55,266
Total assets	224,306	228,456	155,011	160,850
Current liabilities				
Trade and other payables	20,596	13,161	12,852	5,930
Amounts owing to subsidiaries	—	—	532	3,036
Lease liabilities	1,930	1,813	405	411
Contract liabilities	10,035	8,852	3,701	3,691
Tax payable	153	500	—	—
	32,714	24,326	17,490	13,068
Net current assets	67,766	79,502	30,416	42,198

B Condensed interim statements of financial position (cont'd)

	Group As at		Company As at	
	30 June 2024	31 December 2023	30 June 2024	31 December 2023
	S$'000	S$'000	S$'000	S$'000
Non-current liabilities				
Other payables	989	1,005	—	—
Amount owing to subsidiaries	—	—	13,243	12,846
Lease liabilities	990	1,692	186	386
Contract liabilities	62,984	62,052	11,680	12,013
Deferred tax liabilities	3,595	3,730	15	15
	68,558	68,479	25,124	25,260
Total liabilities	101,272	92,805	42,614	38,328
Net assets	123,034	135,651	112,397	122,522
Equity attributable to owners of the Company				
Share capital	94,468	94,468	94,468	94,468
Treasury shares	(12,194)	(12,194)	(12,194)	(12,194)
Accumulated profits	63,157	75,513	29,436	39,561
Other reserves	(22,718)	(22,453)	687	687
	122,713	135,334	112,397	122,522
Non-controlling interests	321	317	—	—
Total equity	123,034	135,651	112,397	122,522
Total equity and liabilities	224,306	228,456	155,011	160,850

C Condensed interim consolidated statement of cash flows

	Group	
	6 months ended 30 June	
	2024	2023
	S$'000	S$'000
Cash flows from operating activities:		
Profit before income tax	(13,534)	2,735
Adjustments for:		
Depreciation of property, plant and equipment	1,700	1,542
Amortisation of intangible assets	401	395
Impairment loss on receivables and bad debts written off, net	415	214
Gain on disposal of property, plant and equipment	(3)	—
Interest income	(1,746)	(1,630)
Interest expense	111	135
Share-based compensation expense	—	126
Fair value gain on short-term investments	(16)	(21)
Share of profit of associate	(610)	(523)
Unrealised exchange (gain)/loss	(171)	120
Operating cash flows before changes in working capital	(13,453)	3,093
Changes in working capital		
Increase in trade receivables	(1,882)	(648)
(Increase)/decrease in contract assets	(9)	281
(Increase)/decrease in other receivables and prepayments	(270)	381
(Increase)/decrease in inventories	(117)	246
Increase/(decrease) in trade and other payables	7,395	(536)
Increase in contract liabilities	1,114	2,688
Cash (used in)/generated from operations	(7,222)	5,505
Interest received	1,399	1,709
Income tax paid	(79)	(848)
Net cash (used in)/from operating activities	(5,902)	6,366

C Condensed interim consolidated statement of cash flows (cont'd)

	Group	
	6 months ended 30 June	
	2024	2023
	S$'000	S$'000
Cash flows from investing activities:		
Purchase of property, plant and equipment	(1,416)	(1,610)
Purchase of intangible assets	(61)	(139)
Proceeds from disposal of fixed assets	70	2
Dividend received	—	466
Redemption of short-term investments	—	2
Transfer from/(to) term deposits, net	7,216	(2,380)
Net cash from/(used in) investing activities	5,809	(3,659)
Cash flows from financing activities:		
Payment of lease liabilities	(988)	(784)
Interest paid	(111)	(135)
Cash flows used in financing activities	(1,099)	(919)
Net (decrease)/increase in cash and cash equivalents	(1,192)	1,788
Cash and cash equivalents at the beginning of the financial period	18,423	13,381
Effects of exchange rate changes on cash and cash equivalents	196	89
Cash and cash equivalents at end of the financial period	17,427	15,258

D Condensed interim statements of changes in equity

	Share capital	Treasury shares	Accumulated profits	Share-based compensation reserve	Capital reserve	Merger reserve	Acquisition reserve	Revaluation reserve	Foreign currency translation reserve	Non-controlling interests	Total
	S$'000	S$'000	S$'000	S$'000	S$'000	S$'000	S$'000		S$'000	S$'000	S$'000
Group											
At 1 January 2023	94,686	(12,554)	71,990	159	568	534	(11,931)	477	(9,867)	266	134,328
Profit for the financial period	—	—	2,225	—	—	—	—	—	—	4	2,229
Other comprehensive loss for the financial period, net of tax											
- Foreign currency translation	—	—	—	—	—	—	—	—	(688)	8	(680)
Total comprehensive income for the financial period, net of tax	—	—	2,225	—	—	—	—	—	(688)	12	1,549
Contributions by and distributions to owners											
Reversal of share awards to employees	—	—	—	128	—	—	—		—	—	128
Reissuance of treasury shares pursuant to equity compensation plans	(218)	360	—	(142)	—	—	—		—	—	—
Total contributions by and distributions to owners	(218)	360	—	(14)	—	—	—	—	—	—	128
At 30 June 2023	94,468	(12,194)	74,215	145	568	534	(11,931)	477	(10,555)	278	136,005

D Condensed interim statements of changes in equity (cont'd)

Company	Share capital	Treasury shares	Accumulated profits	Share-based compensation reserve	Capital reserve	Total
	S$'000	S$'000	S$'000	S$'000	S$'000	S$'000
At 1 January 2023	94,686	(12,554)	38,486	159	422	121,199
Profit for the financial period, representing total comprehensive income for the financial period	—	—	3,422	—	—	3,422
Contributions by and distributions to owners						
Reversal of share awards to employees	—	—	—	128	—	128
Reissuance of treasury shares pursuant to equity compensation plans	(218)	360	—	(142)	—	—
Total contributions by and distributions to owners	(218)	360	—	(14)	—	128
At 30 June 2023	94,468	(12,194)	41,908	145	422	124,749

D Condensed interim statements of changes in equity (cont'd)

	Share capital	Treasury shares	Accumulated profits	Share-based compensation reserve	Capital reserve	Merger reserve	Acquisition reserve	Revaluation reserve	Foreign currency translation reserve	Non-controlling interests	Total
	S$'000	S$'000	S$'000	S$'000	S$'000	S$'000	S$'000	S$'000	S$'000	S$'000	S$'000
Group											
At 1 January 2024	94,468	(12,194)	75,513	265	568	534	(11,931)	477	(12,366)	317	135,651
Loss for the financial period	—	—	(12,356)	—	—	—	—	—	—	3	(12,353)
Other comprehensive loss for the financial period, net of tax											
- Foreign currency translation	—	—	—	—	—	—	—	—	(265)	1	(264)
Total comprehensive loss for the financial period, net of tax	—	—	(12,356)	—	—	—	—	—	(265)	4	(12,617)
At 30 June 2024	94,468	(12,194)	63,157	265	568	534	(11,931)	477	(12,631)	321	123,034

D Condensed interim statements of changes in equity (cont'd)

Company	Share capital	Treasury shares	Accumulated profits	Share-based compensation reserve	Capital reserve	Total
	S$'000	S$'000	S$'000	S$'000	S$'000	S$'000
At 1 January 2024	94,468	(12,194)	39,561	265	422	122,522
Loss for the financial period, representing total comprehensive income for the financial period	—	—	(10,125)	—	—	(10,125)
At 30 June 2024	94,468	(12,194)	29,436	265	422	112,397

E Notes to the condensed interim consolidated financial statements

1 Corporate information

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"). These condensed interim financial statements as at and for the six months ended 30 June 2024 comprise the Company and its subsidiaries (together referred to as the "Group") and the Group's interest in equity-accounted investees.

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:

a. provision of cord blood, cord lining and cord tissue banking services
b. provision of diagnostics services
c. provision of medical laboratory and diagnostic services and general medical screening tests
d. property investment
e. investment holding
f. provision of marketing services

2 Basis of Preparation

2(a) Going concern basis of accounting

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

On 30 November 2023, the Company received a notice from the Ministry of Health ("MOH") directing the Company to stop, for a period up to six months, the collection, testing, processing and/or storage of any new cord blood and human tissues, or provision of any new types of tests to patients in Singapore (the "Notice"). As stated in the Notice, the Company had 14 days to make representations to the MOH in relation to the contents of the Notice. On 13 December 2023, the Company announced that it would not be submitting written representations to the MOH on the same. On 15 December 2023, the Company received a letter from the MOH informing that the MOH had considered the Company's response to the Notice, and had directed the Company to give effect to the contents of the Notice to stop for a period up to six months, the collection, testing, processing and/or storage of any new cord blood and human tissues, or the provision of any new types of tests to patients, with effect on and from 15 December 2023 (the "Suspension"). The Suspension is in connection with the MOH's detection that certain cryogenic storage tanks based in Singapore had been exposed to temperatures outside of their normal temperature range, and investigations by the MOH are ongoing. Since the end of December 2023, the Company had been sending donated cord blood samples from the six cryogenic storage tanks and one dry shipper under investigation to a third-party laboratory in Singapore licensed by the MOH for testing in batches. As previously announced on 30 November 2023, the MOH's expert panel had also determined that the cord blood units ("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 has waived subsequent fees for all active clients whose CBUs are stored in this affected tank, as well as continuing to store CBUs for these clients until their child turns 21.

E Notes to the condensed interim consolidated financial statements (cont'd)

2 Basis of Preparation (cont'd)

2(a) Going concern basis of accounting (cont'd)

On 8 April 2024, the Company announced that after the initial round of testing of the six cryogenic storage tanks and one dry shipper (the "Testing Update Announcement"), five of the cryogenic storage tanks are at low risk of being adversely affected by temperature excursions (the "Low-Risk Tanks") and all the CBUs from the Low-Risk Tanks that were tested have shown cell viability and potency. As the current round of testing is a high-level preliminary impact assessment to ascertain the risk of the temperature excursions affecting the CBUs, 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 ("Additional Testing of Low-Risk Tanks").

The remaining one cryogenic storage tank ("Tank 6") and the dry shipper have been deemed by the MOH's expert panel to be at high risk of being adversely affected by the temperature excursions (the "High-Risk Tanks"). Arising from the test results, as the Company cannot be certain of the viability and potency of every CBU stored in the High-Risk Tanks, the Company 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. Since the CBUs in the High Risk Tanks are deemed impacted, the Company has offered a refund of annual fees received from the start of the temperature excursion and waived 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 their child turns 21 (the "Refund/Waiver for High-Risk Tanks").

On 28 May 2024, the Company announced that the MOH had conducted further inspections of the Company in April and May 2024 and has informed the Company of its finding that, among others, the Company has yet to complete the validation of the AXP II System for cord blood processing, the development of its relevant operating procedures and practices for the AXP II System, and the training and competency assessment of its staff in using the system.

In view of the above, in relation to the Company's license to provide a cord blood banking service, the MOH on 27 May 2024 issued a notice to the Company to stop the collection, testing, processing and/or storage of any new cord blood for up to an additional three months with effect on and from 15 June 2024 or unless sooner approved by the Director-General of Health (the "Second Notice"). As announced by the Company on 28 May 2024, the Company did not intend to submit written representations to the MOH with respect to the contents of the Second Notice, and would inform the MOH of the same. On 18 June 2024, the Company announced that it had received a letter from the MOH informing that the MOH had considered the Company's response to the Second Notice, and had directed the Company to give effect to the contents of the Second Notice with effect on and from 15 June 2024.

While the outcome of the investigations and Additional Testing of Low-Risk Tanks are uncertain, the Company believes that the use of the going concern assumption in the preparation of the financial statements for the six months ended 30 June 2024 is appropriate, taking into account available cash and cash equivalents and fixed deposits, net working capital forecasts based on reasonable possible circumstances, surrounding these key assumptions:

- cash outflow for refunds in respect of Tank A and the High-Risk Tanks;
- the lifting of the Suspension by September 2024;
- the estimated receipt of payments from customers under deferred payment plans for the next twelve months; and
- the receipt of dividends from subsidiaries.

E Notes to the condensed interim consolidated financial statements (cont'd)

2 Basis of Preparation (cont'd)

2(a) Going concern basis of accounting (cont'd)

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

- the outcome of the Additional Testing of Low-Risk Tanks and any potential refunds subsequent to the release of the test results; and
- fines and penalties imposed on the Company as a result of the Suspension and MOH investigation as well as any claims from customers.

2(b) Statement of compliance

The condensed interim financial statements have been prepared in accordance with the Singapore Financial Reporting Standards (International) ("SFRS(I)").

2(c) Basis of measurement

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

2(d) Functional and presentation currency

These condensed interim financial statements are presented in Singapore dollars ("S$"), which is the Company's functional currency. All financial information presented in Singapore dollars has been rounded to the nearest thousand, unless otherwise stated.

E Notes to the condensed interim consolidated financial statements (cont'd)

2 Basis of Preparation (cont'd)

2(e) Use of estimates and judgements

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.

Information about critical judgements in applying accounting policies that have the most significant effect on the amounts recognised in the condensed interim financial statements are as follows :

- *Revenue recognition: determination of stand-alone selling prices of performance obligations based on estimates used in the expected cost plus margin approach*

  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.

  <u>Rendering of cord blood, cord lining and cord tissue banking services: processing revenue</u>

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, monthly instalments over 12 to 60 months 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 payment plans.
Obligations for refunds, if any	Refunds will be provided if no collection is done.
Obligations for warranties	Nil

<u>Rendering of cord blood, cord lining and cord tissue banking services: storage revenue</u>

Nature of goods or services	Cryopreservation 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, monthly instalments over 12 to 60 months 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 payment 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 in certain countries 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

E Notes to the condensed interim consolidated financial statements (cont'd)

2 Basis of Preparation (cont'd)

2(d) 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 interim period are as follows:

- *Impairment of non-financial assets: key assumptions used for the recoverable amounts relating to impairment of goodwill*

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

	Group	
	As at	
	30 June 2024	31 December 2023
	S$'000	S$'000
Business operations in Malaysia – Stemlife Berhad	6,644	6,636
Business operations in Hong Kong – Healthbaby and Cordlife Hong Kong	20,150	19,604
	26,794	26,240

As at 31 December 2023, the recoverable amount of the business operations in Malaysia had been determined based on fair value less costs to sell ("FVLCS"), by applying a reference enterprise value ("EV") over earnings before interest, taxes, depreciation and amortisation ("EBITDA") multiple ("EV/EBITDA multiple"), adjusted for a lack of marketability, to the CGU's adjusted EBITDA. The recoverable amount of the business operations in Hong Kong had been determined based on value in use calculations using cash flow projections from financial budgets approved by management covering a five-year period.

As at 30 June 2024, the Group assessed that there were no indicators that the CGUs may be impaired. Accordingly, no impairment assessment was performed.

E Notes to the condensed interim consolidated financial statements (cont'd)

2 Basis of Preparation (cont'd)

2(d) Use of estimates and judgements (cont'd)

- *Provisions and contingent liabilities: determination of provisions for constructive obligation arising from the results of ongoing testing of the Tanks under investigation*

  Due to uncertainty of the investigations and the outcome of the Additional Testing of Low-Risk Tanks as announced by the Company in the Testing Update Announcement, the Company is at present unable to assess the financial impact of the temperature excursions on the Low-Risk Tanks and/or the investigations on the Company for the financial year ending 31 December 2024.

The preparation of the condensed interim 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.

3 Seasonal operations

The Group's business are not affected significantly by seasonal or cyclical factors during the financial period.

4 Segment and revenue information

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 the collection, processing and banking of biological materials.
- The diagnostics segment comprises diagnostic testing 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:

- Tax expense that is managed on a group basis.
- Subsidiaries not offering services under the banking and diagnostic segments.

No operating segments have been aggregated to form the above reportable operating segments.

E Notes to the condensed interim consolidated financial statements (cont'd)

4 Segment and revenue information (cont'd)

	Banking S$'000	Diagnostics S$'000	Total S$'000
Segment revenue			
1 January 2024 to 30 June 2024			
Revenue from external clients	7,192	1,998	9,190
Total consolidated revenue			9,190
1 January 2023 to 30 June 2023			
Revenue from external clients	26,025	2,288	28,313
Total consolidated revenue			28,313
Segment results			
1 January 2024 to 30 June 2024			
Depreciation and amortisation	(2,096)	(5)	(2,101)
Segment (loss)/profit	(14,149)	5	(14,144)
Share of profit of associate			610
(Loss)/profit before income tax			(13,534)
Income tax credit			1,181
(Loss)/profit for the period			(12,353)
1 January 2023 to 30 June 2023			
Depreciation and amortisation	(1,934)	(3)	(1,937)
Segment profit	1,941	271	2,212
Share of profit of associate			523
Profit before income tax			2,735
Income tax expense			(506)
Profit for the period			2,229

E Notes to the condensed interim consolidated financial statements (cont'd)

4 Segment and revenue information (cont'd)

Segment assets and liabilities

	Banking S$'000	Diagnostics S$'000	Others* S$'000	Total S$'000
30 June 2024				
Additions to non-current assets, comprising additions to property, plant and equipment and intangible assets	1,814	—	—	1,814
Segment assets	258,858	4,903	887	264,648
Investment in associate				2,483
Investment properties				4,738
Eliminations+				(47,563)
Per interim financial statements				224,306
Segment liabilities	129,833	2,733	12,514	145,080
Tax payables				153
Deferred tax liabilities				3,595
Eliminations+				(47,556)
Per interim financial statements				101,272
30 June 2023				
Additions to non-current assets, comprising additions to property, plant and equipment and intangible assets	4,675	—	—	4,675
Segment assets	269,453	4,826	791	275,070
Investment in associate				1,512
Investment properties				4,507
Eliminations+				(47,059)
Per interim financial statements				234,030
Segment liabilities	126,277	1,999	12,367	140,643
Tax payables				677
Deferred tax liabilities				3,733
Eliminations+				(47,029)
Per interim financial statements				98,024

+ Inter-segment balances are eliminated on consolidation.

* Others refer to the assets and liabilities of subsidiaries not offering services under the banking and diagnostic segments.

E Notes to the condensed interim consolidated financial statements (cont'd)

4 Segment and revenue information (cont'd)

	Revenue 6 months ended 30 June 2024 S$'000	2023 S$'000
Singapore	(4,937)	12,863
Hong Kong	4,470	4,154
India	2,614	3,201
Malaysia	1,369	1,759
Philippines	3,262	3,261
Indonesia	2,412	3,075
	9,190	28,313

5 Taxation

	Group 6 months ended 30 June 2024 S$'000	2023 S$'000
Current tax expense		
Current period	198	705
Over-provision in respect of previous years	—	(166)
	198	539
Deferred tax expense		
Origination and reversal of temporary differences	(1,379)	(4)
Over-provision in respect of previous years	—	(29)
	(1,181)	506

Income tax is calculated at prevailing tax rates of the respective countries on the estimated assessable profit for the period.

CORDLIFE GROUP LIMITED

Other information required under Appendix 7.2 of the SGX-ST Listing Manual

1(a) Details of any changes in the company's share capital arising from rights issue, bonus issue, subdivision, consolidation, share buy-backs, exercise of share options or warrants, conversion of other issues of equity securities, issue of shares for cash or as consideration for acquisition or for any other purpose since the end of the previous period reported on. State the number of shares that may be issued on conversion of all the outstanding convertibles, if any, against the total number of issued shares excluding treasury shares and subsidiary holdings of the issuer, as at the end of the current financial period reported on and as at the end of the corresponding period of the immediately preceding financial year.

Company	Number of shares	Share capital S$
As at 1 January 2024	256,307,744	94,467,883
As at 30 June 2024	256,307,744	94,467,883

1(b) To show the total number of issued shares excluding treasury shares as at the end of the current financial period and as at the end of the immediately preceding year. State also the number of shares held as treasury shares and the number of subsidiary holdings, if any, and the percentage of the aggregate number of treasury shares and subsidiary holdings held against the total number of shares outstanding in a class that is listed as at the end of the current financial period reported on and as at the end of the corresponding period of the immediately preceding financial year.

	As at	
	30 June 2024	**31 December 2023**
	No. of shares	**No. of shares**
Total number of issued shares	267,525,354	267,525,354
Less: Treasury shares	(11,217,610)	(11,217,610)
Total number of issued shares excluding treasury shares	256,307,744	256,307,744
Percentage of treasury shares against total number of shares outstanding	4.2 %	4.2 %

1(c) A statement showing all sales, transfers, cancellation and/or use of treasury shares as at the end of the current financial period reported on

Not applicable.

1(d) A statement showing all sales, transfers, cancellation and/or use of subsidiary holdings as at the end of the current financial period reported on

Not applicable.

2 Whether the figures have been audited or reviewed and in accordance with which auditing standard or practice

The figures have not been audited or reviewed by the Company's auditors.

3 Where the figures have been audited or reviewed, the auditors' report (including any modifications or emphasis of matter)

Not applicable.

3A Where the latest financial statements are subject to an adverse opinion, qualified opinion or disclaimer of opinion: (a) Updates on the efforts taken to resolve each outstanding audit issue, (b) Confirmation from the Board that the impact of all outstanding audit issues on the financial statements have been adequately disclosed. This is not required for any audit issue that is a material uncertainty relating to going concern.

a)

The Company's Independent Auditors for the financial year ended 31 December 2023 ("FY2023"), KPMG LLP ("KPMG"), had issued a disclaimer of opinion ("Disclaimer of Opinion") in their Independent Auditors' Report dated 24 April 2024 in relation to the consolidated financial statements of the Group for FY2023.

The basis for the Disclaimer of Opinion is in relation to (i) compliance with laws and regulations - MOH investigation and Commercial Affairs Department ("CAD") investigation, (ii) refunds and claims, (iii) going concern basis of preparation and (iv) financial support for subsidiaries.

Please refer to the following developments and follow-up actions taken by the Company.

i) Compliance with laws and regulations

<u>MOH investigation</u>

As announced by the Company on 8 April 2024 and 7 May 2024, the Company is working closely with the MOH to identify and implement measures aimed at preventing similar occurrences in the future, which includes, among others:

- Strengthening standard operating procedures and providing comprehensive staff training;
- Implementing a more advanced digitalised system to enhance 24/7 real-time monitoring of the Singapore laboratory facility, both on-site and remotely, as well as fortifying fail-safe measures to ensure uninterrupted operations; and
- Hiring more technical and laboratory staff.

The Company will also be sending over 200 samples, a statistically meaningful number of CBUs from the five Low-Risk Tanks, for testing.

In addition, as announced by the Company on 28 May 2024, the MOH has stated that potency testing for validating the AXP II System remains outstanding, which would also include the requirement to assess the validation data, approve the outcome of the validation, review and approve the standard operating procedures and practices for the AXP II System, and conduct staff training and competency assessments. The Company will continue to make efforts to expedite potency testing, on top of other rectification efforts, and will update the MOH on its progress to fulfil all requirements and receive approval to resume operations as soon as possible.

CAD investigations

The Company will continue to monitor the progress of the investigations and will cooperate fully with all regulatory authorities, and will update its shareholders as and when there are any material updates.

ii) Refunds and claims

In 1H2024, the financial impact of the Refund/Waiver for High-Risk Tanks resulted in a revenue reversal of approximately S$9.7 million, which included the recognition of S$0.5 million in contract liabilities relating to future storage obligations for affected clients.

The Company will continue to assess the liabilities in relation to claims, both constructive and contingent, in relation to Tank A and the High-Risk Tanks as and when any developments arise. In relation to the Low-Risk Tanks, the assessment of the liabilities, both constructive and contingent, will also be assessed accordingly as the additional samples are tested and the results become available.

iv) Financial support for subsidiaries

The Company will continue to assess its ability to provide financial support for its subsidiaries on an ongoing basis.

b)

Based on the information currently available to the Board, the Board confirms that the impact of all outstanding audit issues on the financial statements have been adequately disclosed.

4 Whether the same accounting policies and methods of computation as in the issuer's most recently audited annual financial statements have been applied

Except as disclosed in note (5) below, the condensed interim financial statements for the current period reported on have been presented using the same accounting policies and methods of computation as presented in the Company's most recently audited annual financial statements.

5 If there are any changes in the accounting policies and methods of computation, including any required by an accounting standard, what has changed, as well as the reasons for, and the effect of, the change

The Group has adopted new and revised Singapore Financial Reporting Standards (International) ("SFRS(I)") and Interpretations of SFRS(I) ("INT SFRS(I)") which became effective for the financial year beginning 1 January 2024.

The adoption of these new/revised SFRS(I) and INT SFRS(I) did not result in any substantial change to the Group's accounting policies and has no material/significant impact on the condensed interim financial statements of the Group for the current reporting period or the reporting periods in prior years.

6 (Loss)/Earnings per ordinary share

	Group	
	6 months ended 30 June	
Basic (Loss)/Earnings Per Share	**2024**	**2023**
(Loss)/Earnings per ordinary share of the group for the financial period based on net (loss)/profit attributable to shareholders of the Company:		
(Loss)/profit attributable to shareholders of the Company (S$'000)	(12,356)	2,225
Weighted average number of shares in issue during the period ('000)	256,308	256,072
Basic (loss)/earnings per share based on weighted average number of ordinary shares (cents)	(4.82)	0.87
Diluted (Loss)/Earnings Per Share		
(Loss)/Earnings per ordinary share of the group for the financial period based on net (loss)/profit attributable to shareholders of the Company:		
(Loss)/Profit attributable to shareholders of the Company (S$'000)	(12,356)	2,225
Weighted average number of shares in issue during the period ('000)	256,339	256,339
Diluted (loss)/earnings per share based on weighted average number of ordinary shares (cents)	(4.82)	0.87

Notes:

Basic earnings per share are calculated by dividing profit net of tax attributable to shareholders of the Company by the weighted average number of ordinary shares outstanding during the financial period.

Diluted earnings per share are calculated by dividing profit net of tax attributable to shareholders of the Company by the weighted average number of ordinary shares outstanding during the financial period plus the weighted average number of ordinary shares that would be issued on the conversion of all the dilutive potential ordinary shares into ordinary shares.

Potential ordinary shares shall be treated as dilutive only when their conversion to ordinary shares would decrease earnings per share or increase loss per share.

7 Net asset value

	Group		Company	
	30 June 2024	31 December 2023	30 June 2024	31 December 2023
	(cents)	(cents)	(cents)	(cents)
Net asset value per ordinary share based on the total number of issued shares excluding treasury shares of the issuer at the end of the relevant period	48.00	52.93	43.85	47.80

The number of shares in issue (excluding treasury shares) and used in calculating the net asset value per share as at 30 June 2024 is 256,307,744 (31 December 2023: 256,307,744).

8 A review of the performance of the group, to the extent necessary for a reasonable understanding of the group's business. The review must discuss any significant factors that affected the turnover, costs, and earnings of the group for the current financial period reported on, including (where applicable) seasonal or cyclical factors. It must also discuss any material factors that affected the cash flow, working capital, assets or liabilities of the group during the current financial period reported on

COMPARING 6 MONTHS ENDED 30 JUNE 2024 ("1H2024") AGAINST 6 MONTHS ENDED 30 JUNE 2023 ("1H2023")

Income Statement

Revenue

In 1H2024, the financial impact of the Refund/Waiver for High-Risk Tanks resulted in a revenue reversal of approximately S$9.7 million, which included the recognition of S$0.5 million in contract liabilities relating to future storage obligations for affected clients. Consequently, the Group recorded revenue of approximately S$9.2 million in 1H2024.

Excluding the reversal, the Group's revenue for 1H2024 would have been approximately S$18.9 million, a decline of 33.4% year-on-year ("yoy") from S$28.3 million in 1H2023, mainly contributed by the suspension of the Group's Singapore operations.

Adjusting for the revenue reversal from the Refund/Waiver for High-Risk Tanks, the banking business unit ("Banking revenue") decreased by 35.3% from S$26.0 million in 1H2023 to S$16.8 million in 1H2024. This was mainly due to 38.2% decrease in new samples processed and stored from 8,900 in 1H2023 to 5,500 in 1H2024. The decline in new samples processed and stored is mainly contributed by Singapore, as well as Indonesia, India and Malaysia, as the publicity surrounding the suspension of the Group's Singapore operations had inadvertently affected customer sentiment, even though operations of the overseas subsidiaries have not been directly impacted.

The diagnostics business unit ("Diagnostics revenue") decreased 12.7% or S$0.3 million from S$2.3 million in 1H2023 to S$2.0 million in 1H2024, largely due to the decrease in testing volume in Singapore and Indonesia.

Gross profit and gross profit margin

The Group recorded gross profit of S$1.4 million. Excluding the financial impact of the refunds of approximately S$9.7 million, the gross profit in 1H2024 would have been approximately S$11.1 million, a decline of 42.2% yoy from S$19.2 million in 1H2023. Gross profit margin also decreased to 58.7% in 1H2024 from 67.6% in 1H2023. This is largely attributed to the suspension of Singapore's operations, as Singapore continued to incur fixed running costs in 1H2024.

Other operating income

The increase in other operating income of approximately S$0.2 million in 1H2024 compared to 1H2023 was mainly due to the reversal of over-accrual of expenses in prior years in India.

Selling and marketing expenses

Selling and marketing expenses decreased by 22.1% or S$2.1 million in 1H2024 compared to 1H2023, mainly due to the suspension of operations in Singapore.

Administrative expenses

Administrative expenses increased by 11.5% or S$1.1 million in 1H2024 compared to 1H2023, largely due to increase of approximately S$0.8 million in legal and professional fees and S$0.3 million in consultancy fee and corporate secretarial fees. A significant portion of these increases were attributed to services in relation to regulatory investigations and third party claims.

Finance income

Finance income increased by S$116,000 from 1H2024 to 1H2023 mainly due to the increase in deposit interest rates.

Finance costs

Finance costs relate to lease liabilities which amounted to S$111,000 in 1H2024 (1H2023: S$135,000). The decrease in finance costs was largely due to a decrease in lease liabilities recognised in 1H2024 as compared to 1H2023.

Profit before income tax from operations

As a result of the foregoing, the loss before income tax from operations amounted to S$14.1 million for 1H2024. Excluding the financial impact of the refunds of approximately S$9.7 million, the Group reported a loss before income tax from operations of S$4.5 million in 1H2024, as compared to the profit before income tax from operations of S$2.2 million in 1H2023, largely due to the suspension of operations in Singapore.

Share of profit of associate

In 1H2024, the Group recognised the share of profit of associate of S$610,000 compared to S$523,000 recognised in 1H2023.

Tax

In 1H2024, the Company recognised a tax credit of S$1.2 million, largely due to the recognition of deferred tax asset for the provision of refunds of annual fees for the High-Risk Tanks, offset by the recognition of tax expenses in other countries.

In 1H2023, the over-provision of tax in respect of prior years mainly comprised an over-provision of corporate income tax in Indonesia of S$166,000 and a net over-provision of deferred tax on the share of profits of associate in Malaysia of S$29,000. There were no such over-provisions in 1H2024.

Adjusting for the foregoing, the effective tax rate is negative in 1H2024, as compared to 31.7% in 1H2023, due to loss before tax in 1H2024 largely contributed by Singapore.

Balance sheet

Cash and cash equivalents, unpledged and pledged fixed deposits ("fixed deposits") and short-term investments

As at 30 June 2024, the Group maintained a strong balance sheet, with cash and cash equivalents, fixed deposits and short-term investments of S$74.7 million (31 December 2023: S$82.5 million). Investments mainly comprise short-term in money market funds and redeemable convertible note ("RCN") from CellResearch Corporation Pte. Ltd. ("CRC").

The decrease in cash and cash equivalents of S$1.0 million from S$18.4 million as at 31 December 2023 to S$17.4 million as at 30 June 2024 was mainly due to cash used in operating activities of S$5.9 million, the purchase of property, plant and equipment of S$1.4 million and total lease and interest payments of S$1.1 million offset by net transfers from term deposits of S$7.2 million.

Net cash used in operating activities of S$5.9 million comprised mainly operating cash flows before movements in working capital of S$13.5 million, offset by net working capital inflow of S$6.2 million and net interest received of S$1.4 million.

Net working capital inflow of approximately S$6.2 million comprised the following:
- increase in trade receivables of approximately S$1.9 million;
- increase in contract assets of approximately S$9,000;
- increase in other receivables, deposits and prepayments of approximately S$0.3 million;
- increase in inventories of approximately S$117,000;
- increase in trade and other payables of approximately S$7.4 million; and
- increase in contract liabilities of approximately S$1.1 million.

The decrease in current and non-current fixed deposits and short-term investments of S$6.8 million is mainly due to the net transfers from term deposits to cash and cash equivalents of S$7.2 million, offset by the strengthening of the Malaysian Ringgit and Indian Rupee against the Singapore Dollar which resulted in translation gains on fixed deposits in the subsidiaries in Malaysia and India.

Property, plant and equipment

As at 30 June 2024, the Group recorded S$16.4 million on its balance sheet for property, plant and equipment (31 December 2023: S$16.3 million). This increase was due to additions of approximately S$1.8 million, which mainly comprised right-of-use assets recognised for new leased office units in India, offset by depreciation of S$1.7 million recognised in 1H2024.

Investment properties

As at 30 June 2024, the Group recorded S$4.7 million on its balance sheet for investment properties (31 December 2023: S$4.7 million).

Intangible assets

Intangible assets comprise client contracts, brand and goodwill acquired in business combinations and computer software.

Deferred tax assets

Deferred tax assets comprise prior year tax losses carried forward as a result of the transitional adjustments arising from the adoption of FRS115 in the Hong Kong subsidiary and unutilised merger and acquisition allowance relating to acquisitions made by the Company in previous years, as well as temporary differences for the provision of refunds of annual fees for the High-Risk Tanks. The increase in deferred tax from S$0.9 million as of 31 December 2023 to S$2.1 million as of 30 June 2024 was due to the provision of refunds of annual fees for the High-Risk tanks, offset by the utilisation against 1H2024 profit of the Hong Kong subsidiary.

Investment in associate

Investment in associate comprise a 39.61% stake in Thai Stemlife Co., Ltd through Stemlife Berhad.

Contract assets, non-current

Non-current contract assets represent all service revenues arising from the performance obligations identified under instalment payment plans in the cord blood, cord lining and cord tissue banking contracts that have yet to be billed to clients. Upon billing, the billed amount will be receivable under the same terms as the current trade receivables. As at 30 June 2024, the Group recorded non-current contract assets of S$62.3 million (31 December 2023: S$62.6 million).

Inventories

As at 30 June 2024, the Group recorded inventories of S$0.9 million (31 December 2023: S$0.8 million).

Prepayments

As at 30 June 2024, the Group recorded prepayment of S$1.9 million (31 December 2023: S$2.2 million). The decrease was mainly due to the unwinding of certain insurance premiums prepayments in Singapore.

Trade receivables, current

Current trade receivables as at 30 June 2024 was S$24.0 million compared to S$22.7 million as at 31 December 2023.

Short-term investments

As at 30 June 2024, the Group recorded short-term investments of S$5.6 million compared to S$5.9 million as at 31 December 2023, which comprises of a RCN in the principal amount of S$4.2 million from CRC, at the yielding interest rate of three month SIBOR plus 7% per annum payable annually in arrears, and money market funds held in Malaysia.

Trade and other payables, current and non-current

As at 30 June 2024, the Group recorded current trade and other payables of S$20.6 million (31 December 2023: S$13.2 million) and non-current other payables of S$989,000 (31 December 2023: S$1,005,000). The increase in current trade and other payables was mainly attributable to Singapore. In 1H2024, Singapore has provided a further provision for refunds of annual fees of S$9.2 million for the High-Risk Tanks. The increase was slightly offset by a decrease of S$1.4 million in the said provision due to refunds done in 1H2024 and reversal of accrued bonus expenses of S$0.3 million.

Lease liabilities, current and non-current

As of 30 June 2024, the Group recognised lease liabilities of S$2.9 million on property and equipment leases (31 December 2023: S$3.5 million). The decrease in lease liabilities was attributable to payments during the period, offset by the addition of new leased office units in India.

Contract liabilities, current and non-current

Contract liabilities represent revenue received in advance for services revenues to be rendered under the various performance obligations identified in the cord blood, cord lining, cord tissue banking and diagnostics contracts. As at 30 June 2024, current and non-current contract liabilities were at S$10.0 million and S$63.0 million respectively (31 December 2023: S$8.9 million and S$62.1 million respectively).

Income tax payable

The Group recorded income tax payable of S$0.2 million as at 30 June 2024 (31 December 2023: S$0.5 million).

Deferred tax liabilities

As at 30 June 2024, deferred tax liabilities amounted to S$3.6 million (31 December 2023: S$3.7 million), comprising deferred tax liabilities on temporary differences and on intangible assets recognised on business combination.

9 Where a forecast, or a prospect statement, has been previously disclosed to shareholders, any variance between it and the actual results

Not applicable as no forecast or prospect statement was previously disclosed to shareholders.

10 A commentary at the date of the announcement of the significant trends and competitive conditions of the industry in which the group operates and any known factors or events that may affect the group in the next reporting period and the next 12 months

On 15 December 2023, the Company received a letter from the MOH directing the Company to, among others, 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 in Singapore with effect on and from 15 December 2023 (the “Suspension”).

On 18 June 2024, the Company announced that it had received another letter from the MOH directing the Company to stop the collection, testing, processing and/or storage of any new cord blood for up to a further three months with effect on and from 15 June 2024 or unless sooner approved by the Director-General of Health (the "Further Suspension").

As announced by the Company on 8 April 2024, the Company has offered a refund of annual fees received from the start of the temperature excursions, as well as a waiver of subsequent fees for affected active clients. While the Company has recognised the financial impact of the refund for High-Risk Tanks in 1H2024, the investigations by the MOH are ongoing and there is no certainty on the outcome of the ongoing investigations.

This, along with the fixed costs being incurred during the Suspension and Further Suspension, is expected to continue to have a negative financial impact on the Group’s Singapore operations, which had been the Group’s largest revenue contributor.

The team will continue to work closely with MOH to investigate and address the identified lapses related to the Singapore operations. The Group is committed towards working through this matter and making rectifications to improve our processes going forward.

The Group would like to emphasise that the Suspension, Further Suspension and ongoing investigations are isolated to the Group’s operations in Singapore and do not impact the operations of the subsidiaries elsewhere. The entities in the markets outside of Singapore operate independently, with their own dedicated teams, and adhere to their respective local laws and regulations.

Overseas operations remain robust, with the Group’s Hong Kong and Malaysian subsidiaries achieving their eighth and fourth consecutive re-accreditations, respectively, from the Association for the Advancement of Blood & Biotherapies (“AABB”).

Looking ahead, industry-level growth factors remain intact despite elevated global economic uncertainty, driven by increased awareness of preventive and precautionary care over curative treatment among the youth.

The Group has been focused on expanding its product offerings regionally to capture the potential demand. Cordlife Philippines intends to offer a range of diagnostics tests and routine prenatal screenings, while StemLife Berhad (“Stemlife”), the Group’s subsidiary in Malaysia, has been working with partners to offer peripheral blood stem cell banking services to patients with cancer or blood disorders.

The Group will continue to proactively work on developing an ecosystem with doctors and hospitals in the various markets to educate and encourage the utilisation of stem cells for various healthcare treatments. StemLife's wholly-owned subsidiary, StemLife Therapeutics Sdn. Bhd, has partnered with Medixcell Laboratory Sdn Bhd ("Medixcell") to harvest and bank cGMP-certified mesenchymal stem cells ("MSCs") from a newborn's umbilical cord amid growing evidence demonstrating the efficacy of MSC-based therapies in treating medical conditions such as orthopaedic, autoimmune disorders and neurological diseases.

11 Dividends

(a) ***Current financial period reported on***

Any interim (final) ordinary dividend declared (recommended) for the current financial period reported on?

No.

(b) ***Corresponding period of the immediately preceding financial year***

Any dividend declared for the corresponding period of the immediately preceding financial year?

No.

(c) ***The date the dividend is payable***

Not applicable.

(d) ***Record date***

Not applicable.

12 If no dividend has been declared (recommended), a statement to that effect and provide the reasons for the decision not to declare/recommend any dividend

Amidst the uncertainty on when the Further Suspension will be lifted, or of the outcome of the ongoing investigations, the Directors did not declare or recommend dividends for 1H2024. The Directors will review the dividend payout at the end of the financial year after taking into consideration the Company's performance and business expansion plans.

13 Interested person transactions

The Company has not obtained a general mandate from shareholders for interested person transactions.

There were no interested person transactions of S$100,000 or more for the financial period reported on.

14 Disclosure on the use of placement proceeds

Capitalised terms used herein, unless otherwise defined, have the meanings as defined in the announcements on Private Placement Of An Aggregate Of Up To 26,838,000 New Ordinary Shares In The Capital Of The Company dated 2 October 2013, 11 October 2013 and 14 October 2013.

The Company issued 26,838,000 Placement Shares at an issue price of S$1.25 per Placement Share by way of private placement (the “Private Placement”) to raise aggregate gross proceeds of S$33,547,500 on 14 October 2013.

As announced by the Company on 29 February 2024 and 29 April 2024 in relation to the Company's unaudited and audited financial results for the financial year ended 31 December 2023, setting out, among others, that as at 29 February 2024:

i. the Group had utilised approximately S$27.2 million out of S$33.5 million raised from the Private Placement; and

ii. the Board had, after deliberation, deemed it in the best interests of the Company and its shareholders to re-deploy the balance amount of approximately S$0.8 million from the approximately S$1.4 million originally allocated to pay for expenses incurred in connection with the Private Placement, for general working capital purposes ("Initial Re-Deployment").

The intended use of the remaining proceeds of S$6.3 million ("Remaining Proceeds") from the Private Placement was initially to 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.

After a review of the Company’s cash flow requirements for the Refund/Waiver of the High-Risk Tanks, the rectification efforts taken in relation to the Suspension, Further Suspension and brand rebuilding efforts, the Board has determined that it is in the best interest of the Company to re-allocate the Remaining Proceeds to better utilise the Remaining Proceeds for the aforesaid purposes ("Re-Allocation").

As at 15 August 2024, the Group has utilised approximately S$27.2 million out of S$33.5 million raised from the Private Placement. Consequent to the Re-Allocation, the use of the Private Placement proceeds raised from the Private Placement is as follows:

Intended Use of Placement Proceeds	Amount allocated (S$ million)	Amount allocated after Initial Re-Deployment (S$ million)	Amount re-allocated (S$ million)	Revised amount allocated after Re-Allocation (S$ million)	Amount utilised as at 14 August 2024 (S$ million)
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	23.5	(6.3)	17.2	17.2
General working capital	8.6	9.4	—	9.4	9.4
Expenses incurred in connection with the Private Placement	1.4	0.6	—	0.6	0.6
Refund/Waiver of High-Risk Tanks, rectification and brand rebuilding efforts	—	—	6.3	6.3	—
Total	**33.5**	**33.5**	**—**	**33.5**	**27.2**

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

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

	Amount (S$ m)
Amount utilised as working capital:	
Trade purchases	9.3
Legal and professional fees	0.1
Total	**9.4**

The Company will make further announcements via SGXNET as and when the balance of the Private Placement proceeds are materially disbursed in accordance with Rule 704(30) of the Listing Manual of the SGX-ST.

15 Confirmation Pursuant to Rule 720(1) of the Listing Manual

The Company confirms that undertakings under Rule 720(1) have been obtained from all its directors and executive officers in the format set out in Appendix 7.7.

16. Confirmation Pursuant to Rule 705(5) of the Listing Manual

To the best of knowledge of the Board of Directors of the Company (the “Board”), nothing has come to the attention of the Board which may render the interim financial statements of the Company and the Group for 1H2024 presented in this announcement, to be false or misleading in any material aspect.

By Order of the Board

Ivan Yiu Pang Fai
Group CEO
15 August 2024