

CORPORATE GOVERNANCE REPORT

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

The Company has endeavoured to adhere to the principles and provisions as set out in the Code of Corporate Governance 2018 (the “Code”) during the financial year ended 31 December 2021 (“FY2021”). This Corporate Governance Report (the “Report”) describes the Group’s corporate governance practices and sets out the manner in which the Group has applied the principles and the extent of compliance with the guidelines as set out in the Code, and where applicable, the Listing Manual of the Singapore Exchange Securities Trading Limited (“SGX-ST”) (the “Listing Manual”). Where there have been deviations from the Code, appropriate explanations have been provided in this Report.

In the opinion of the Board of the Directors of the Company (each a “Director”, and collectively the “Board” or “Directors”), the Company has generally complied with all of the provisions set out in the Code for FY2021.

BOARD MATTERS

Principle 1: The Board’s Conduct of Affairs

The Board’s role is to:

- (a) provide entrepreneurial leadership, set strategic objectives, and ensure that the necessary financial and human resources are in place for the Company to meet its objectives;
- (b) establish a framework of prudent and effective controls, which enables risks to be assessed and managed, including safeguarding of shareholders’ interests and the Company’s assets;
- (c) review management performance;
- (d) identify the key stakeholder groups and recognise that their perceptions affect the Company’s reputation;
- (e) set the Company’s values and standards (including ethical standards), and ensure that obligations to shareholders and other stakeholders are understood and met; and
- (f) consider sustainability issues, e.g. environmental and social factors, as part of its strategy formulation process.

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

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

Following the amendment to Rule 705 of the Listing Manual which took effect from 7 February 2020, the Company ceased quarterly reporting and adopted the half-yearly reporting of the Company’s and Group’s financial statements, having considered the compliance efforts and costs in connection with quarterly reporting. To keep investors updated on the Company’s quarterly performance, the Company releases business update announcements after the Board has reviewed its first and third quarter financial results.

The schedule of the Board and Board Committee meetings as well as the Annual General Meeting (“AGM”) of the Company are planned well in advance. The Board will meet at least four (4) times a year as per the scheduled meeting calendar. In addition to the scheduled meetings, ad-hoc Board meetings are also convened as and when they are deemed necessary in between the scheduled meetings. The Constitution of the Company provides that the Directors may convene meetings by way of telephone conference, video conference, audio visual or similar means. When a physical Board meeting is not possible, timely communication with members of the Board is achieved through electronic means and the circulation of written resolutions for approval by the relevant members of the Board or Board Committees.

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

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

| Name of Director | Position | ARC | RC | NC |
|---------------------------|--|----------|----------|----------|
| Joseph Wong Wai Leung | Chairman and Independent Director | Chairman | Member | N.A. |
| Dr Ho Choon Hou | Vice Chairman and Non-Independent Non-Executive Director | Member | N.A. | N.A. |
| Tan Poh Lan | Executive Director and Group Chief Executive Officer | N.A. | N.A. | N.A. |
| Yeo Hwee Tiong | Independent Director | Member | Chairman | Chairman |
| Cheong Tuck Yan Titus Jim | Independent Director | Member | Member | Member |
| Zhai Lingyun | Non-Independent Non-Executive Director | N.A. | N.A. | Member |
| Chen Xiaoling | Non-Independent Non-Executive Director | N.A. | Member | N.A. |
| Yiu Ming Yiu | Non-Independent Non-Executive Director | Member | N.A. | N.A. |
| Chow Wai Leong | Non-Independent Non-Executive Director | N.A. | Member | N.A. |

In FY2021, a total of six (6) Board meetings were held. The table below shows the attendance of the Directors at the last AGM in 2021 and the Board and respective Board Committee meetings in respect of FY2021⁽¹⁾:

| Name of Director | AGM | Board | ARC | RC | NC |
|--|---------------------------------|-------|------|------|------|
| | No. of meetings attended | | | | |
| Joseph Wong Wai Leung ⁽²⁾ | 1/1 | 6/6 | 4/4 | N.A. | N.A. |
| Dr Ho Choon Hou ⁽³⁾ | 1/1 | 6/6 | 4/4 | 1/1 | 3/3 |
| Tan Poh Lan | 1/1 | 6/6 | N.A. | N.A. | N.A. |
| Yeo Hwee Tiong ⁽⁴⁾ | 1/1 | 6/6 | N.A. | 1/1 | 3/3 |
| Zhai Lingyun | 1/1 | 6/6 | N.A. | N.A. | 3/3 |
| Fong Chi Wah ⁽⁵⁾ | 1/1 | 4/4 | 3/3 | 1/1 | N.A. |
| Wang Lin ⁽⁶⁾ | 1/1 | 4/6 | N.A. | N.A. | N.A. |
| Chang Chien ⁽⁷⁾ | 1/1 | 4/4 | N.A. | N.A. | N.A. |
| Cheong Tuck Yan Titus Jim ⁽⁸⁾ | N.A. | N.A. | N.A. | N.A. | N.A. |
| Chen Xiaoling ⁽⁹⁾ | N.A. | N.A. | N.A. | N.A. | N.A. |
| Yiu Ming Yiu ⁽¹⁰⁾ | N.A. | N.A. | N.A. | N.A. | N.A. |
| Chow Wai Leong ⁽¹¹⁾ | N.A. | N.A. | N.A. | N.A. | N.A. |

⁽¹⁾ Refers to meetings held/attended while each Director was in office and in the respective Board Committees, if any.

⁽²⁾ Mr Joseph Wong Wai Leung was appointed as Chairman of the Board and a member of the RC with effect from 1 December 2021.

⁽³⁾ Dr Ho Choon Hou was re-designated from an Independent Director (“ID(s)”) to a Non-Independent Non-Executive Director (“NINED(s)”) of the Company with effect from 1 December 2021. Following his re-designation, Dr Ho relinquished his position as Acting Board Chairman and took on the position of Vice Chairman of the Board in charge of mergers and acquisitions (“M&A”) and investment. Concurrently, Dr Ho also ceased to be a member of the RC and NC with effect from 1 December 2021.

⁽⁴⁾ Mr Yeo Hwee Tiong was appointed as Chairman of the RC and a member of the ARC with effect from 1 December 2021.

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- ⁽⁵⁾ Mr Fong Chi Wah resigned as a NINED of the Company and as a member of the ARC and RC with effect from 11 November 2021.
- ⁽⁶⁾ Ms Wang Lin resigned as a NINED of the Company with effect from 1 December 2021.
- ⁽⁷⁾ Mr Chang Chien resigned as a NINED of the Company with effect from 11 November 2021.
- ⁽⁸⁾ Mr Cheong Tuck Yan Titus Jim was appointed as an ID of the Company, a member of the ARC, RC and NC with effect from 1 December 2021.
- ⁽⁹⁾ Ms Chen Xiaoling was appointed as a NINED of the Company with effect from 1 December 2021 and a member of the RC with effect from 25 February 2022.
- ⁽¹⁰⁾ Mr Yiu Ming Yiu was appointed as a NINED of the Company and a member of the ARC with effect from 1 December 2021.
- ⁽¹¹⁾ Mr Chow Wai Leong was appointed as a NINED of the Company and a member of the RC with effect from 1 December 2021.

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

In FY2021, the Directors were kept abreast of the changing commercial risks faced by the Company through briefings by the Management at Board meetings. The Directors were also updated on the latest changes in the Companies Act 1967 of Singapore, listing rules of the SGX-ST, the Code and the accounting standards by the relevant professionals at the quarterly Board meetings. The Directors also attended other training courses of their choice, and if the training is relevant to the performance of their duties as a Director of the Company, expenses were borne by the Company.

Principle 2: Board Composition and Guidance

As at 31 December 2021, the Board comprised nine (9) Directors of whom one (1) was Executive Director, five (5) were NINEDs, and three (3) were IDs.

With three (3) IDs on the Board out of nine (9) Directors, the Company maintains a strong and independent element on the Board with IDs making up one-third of the Board.

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

- (a) has been employed by the Company or any of its related corporations for the current or any of the past three financial years;
- (b) has an immediate family member who is, or has been in any of the past three financial years, employed by the Company or any of its related corporations and whose remuneration is determined by the RC;
- (c) himself/herself, or has an immediate family member, accepting any significant compensation from the Company or any of its related corporations for the provision of services, for the current or immediate past financial year, other than compensation for Board service;
- (d) is a 5% shareholder or an immediate family member of a 5% shareholder of the Company;
- (e) is or has been directly associated with a 5% shareholder of the Company, in the current or immediate past financial year; or

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

The NC reviewed the independence of Mr Joseph Wong Wai Leung (“Mr Joseph Wong”), Mr Yeo Hwee Tiong (“Mr Yeo”), and Mr Cheong Tuck Yan Titus Jim (“Mr Titus Cheong”). The NC noted that the three Directors have no relationship with the Company, its related corporations, its 5% shareholders or its officers that could interfere, or be reasonably perceived to interfere, with the exercise of the Director’s independent business judgment with a view to the best interests of the Company, and they had exercised objective judgment on corporate affairs independently from Management. Mr Yeo and Mr Titus Cheong, who is the Chairman and a member of the NC respectively, had abstained from deliberation on their own independence.

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

The Board has three (3) Directors with medical and healthcare backgrounds which are relevant to the business of the Company. They are Dr Ho Choon Hou, Mr Yeo Hwee Tiong, and Ms Tan Poh Lan. All three of them have extensive experience in managing healthcare companies. Mr Joseph Wong brings with him accounting and corporate finance experience. Mr Zhai Lingyun and Ms Chen Xiaoling bring with them vast experience in the biomedical and pharmaceutical industry which is also relevant to the Company’s business. Mr Titus Cheong, with his experience in private equity, investment and consulting, strengthens the corporate finance knowledge base on the Board. Mr Yiu Ming Yiu brings with him investment and factoring business knowledge, and Mr Chow Wai Leong offers experience in business development.

The Board is led by Mr Joseph Wong, who is also currently the ARC Chairman. He has served as an ID of the Company since 2014 and has extensive knowledge of Cordlife’s business. The Board and the NC are also of the view that the current Board comprises Directors who bring a wealth of expertise and experience in areas of medical, pharmaceutical and healthcare, accounting and finance, business management, mergers and acquisitions, business development, as well as regional markets, providing Management with a diverse and objective perspective on any issues raised before the Board. The Board also has gender diversity in having two (2) female Directors on the Board. The Company does not have a written Board Diversity Policy. The composition of the Board is reviewed at least annually, or as and when appropriate by the NC to ensure that there is a mix of experience and expertise to enable the Company to benefit from a diverse perspective from directors of different background. Key information on the Directors is set out on pages 20 to 24 of this Annual Report.

The Non-Executive Directors played a crucial role in helping to develop proposals surrounding the Company’s strategies by challenging the strategies proposed by Management in a constructive manner. The Non-Executive Directors also met on several occasions on an informal basis in FY2021 without the presence of Management (including the Executive Director), to discuss matters relating to the Company and Management performance.

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

Principle 3: Chairman and Chief Executive Officer

To ensure a clear division of responsibilities and a balance of power and authority within the Company, the role of the Chairman and the Group Chief Executive Officer (“GCEO”) of the Company are undertaken separately by Mr Joseph Wong Wai Leung and Ms Tan Poh Lan respectively.

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

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

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

Principle 4: Board Membership

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

| | |
|--------------------------------|---|
| Yeo Hwee Tiong (ID) | - Chairman |
| Cheong Tuck Yan Titus Jim (ID) | - Member (Appointed on 1 December 2021) |
| Zhai Lingyun (NINED) | - Member |
| Dr Ho Choon Hou (NINED) | - Member (Resigned on 1 December 2021) |

The functions of the NC include, amongst others:

1. reviewing and recommending (i) the Board succession plans of the Directors and the nomination for the re-election of Directors, including the Independent Directors, having regard to each Director’s contribution and performance, taking into consideration each Director’s contribution and performance at Board meetings, including attendance and participation; (ii) the development of a process for evaluation of the performance of the Board, the Board Committees and individual Directors; and (iii) the review of training and professional development programmes for the Board;
2. ensuring that all Directors submit themselves for re-election at regular intervals;
3. determining annually, and as and when circumstances require, whether or not a Director is independent in accordance with Principle 2 of the Code and any other salient factors;
4. deciding whether or not a Director is able to and has been adequately carrying out his or her duties as a Director of the Company; and
5. reviewing and approving any nominations for the appointment to the Board including the disclosure of the search and nomination process.

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

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

The following Directors were appointed subsequent to the Company's last AGM held on 30 April 2021. Pursuant to Article 100 of the Company's Constitution, they will have to vacate their office at the close of the forthcoming AGM. Being eligible, they had offered themselves for re-election.

- a. Mr Cheong Tuck Yan Titus Jim;
- b. Ms Chen Xiaoling;
- c. Mr Yiu Ming Yiu; and
- d. Mr Chow Wai Leong.

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

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

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

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

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

The profile of the Directors, detailing their qualifications, directorships in other listed companies, their appointment to the Board of the Company and the date of their last re-election can be found on pages 20 to 24 of this Annual Report.

Principle 5: Board Performance

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

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

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

The evaluation of Board performance is conducted annually to identify areas of improvement and as a form of good Board management practice. The last performance evaluation was carried out in February 2022 and the results have been presented to the NC on 25 February 2022 for review. The Company did not engage any external consultant or facilitator to assist with the performance evaluation of the Board, Board Committees and individual Directors for FY2021.

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

Access to Information

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

The Company Secretary and/or her assistant attend all Board and Board Committees meetings and provide corporate secretarial support to the Board, ensure adherence to Board procedures and compliance with the relevant rules and regulations of the Constitution of the Company, the Companies Act 1967 of Singapore, the Listing Manual and all other relevant rules and regulations which are applicable to the Company. Any decision to appoint or remove the Company Secretary can only be taken by the Board as a whole.

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

REMUNERATION MATTERS

Principle 6: Procedures for Developing Remuneration Policies

Remuneration Committee

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

| | |
|--------------------------------|---|
| Yeo Hwee Tiong (ID) | - Chairman (Appointed on 1 December 2021) |
| Dr Ho Choon Hou (NINED) | - Chairman (Resigned on 1 December 2021) |
| Joseph Wong Wai Leung (ID) | - Member (Appointed on 1 December 2021) |
| Cheong Tuck Yan Titus Jim (ID) | - Member (Appointed on 1 December 2021) |
| Chen Xiaoling (NINED) | - Member (Appointed on 25 February 2022) |
| Chow Wai Leong (NINED) | - Member (Appointed on 1 December 2021) |
| Fong Chi Wah (NINED) | - Member (Resigned on 11 November 2021) |

The functions of the RC include, amongst others:

1. reviewing the remuneration framework (including Directors' fees) for the Board and the key management personnel within the Group;
2. reviewing and approving the policy for determining the remuneration of executives of the Group, including that of the Executive Director, GCEO and other key management executives;
3. ensuring a formal and transparent procedure for developing policy on executive remuneration;
4. reviewing the ongoing appropriateness and relevance of the executive remuneration policy and other executive benefit programmes;
5. considering and reviewing the remuneration package and service contract terms for each of the Directors and key management personnel (including salaries, allowances, bonuses, payments, options, benefits in kind, retirement rights, severance packages and service contracts) having regard to the executive remuneration policy for each of the companies within the Group;

6. considering and approving termination payments, retirement payments, gratuities, ex-gratia payments, severance payments and other similar payments in the event of termination or retirement of the Executive Directors and key management personnel; and
7. determining, reviewing and approving the design of all option plans, stock plans and/or other equity based plans that the Group proposes to implement, to determine, on an annual basis, whether any awards will be made under the rules of such plans, to review and approve each award as well as the total proposed awards under each plan in accordance with the rules governing each plan and to review, approve and keep under review performance indicators and/or the fulfillment of performance indicators in accordance with the rules set out under such plans.

Principle 7: Level and Mix of Remuneration

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

Remuneration of the Executive Directors and key management personnel

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

The compensation structure is designed to ensure that the level and mix of remuneration are competitive, relevant and appropriate in finding a balance between current and long-term compensation. The Company has in place the following incentive plan in FY2021:

Share Grant Plan

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

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

The categories of awards under the Plan in FY2021 are as follows:

Performance Share Award

The FY2021 contingent awards under the Performance Share Award were granted conditional on meeting performance targets set based on the following Group corporate objectives measured over a performance period of one financial year:

- Group’s Financial Key Performance Indicators (“KPI(s)”) including Group Revenue, Gross Profit Margin, Profit before Tax and Return on Invested Capital: and
- Non-financial KPIs including, but are not limited to, quality standards, customer service standards, people objectives and 360 feedback.

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

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

Restricted Share Award

The FY2021 contingent share awards under the Restricted Share Award were granted to employees of the Group conditional upon the satisfaction of the following performance targets set at the start of a two-year performance period based on medium-term Group and Company objectives of retaining high potential talents (“HiPo”):

- Sustained Performance Level (“PL”) rating 1 or 2 (out of 5); and
- Continues to remain in HiPo talent pool.

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

No contingent shares were granted in FY2021 to employees of the Company under the Restricted Share Award.

Remuneration of Non-Executive Directors and Independent Directors

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

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

Mr Zhai Lingyun, Ms Chen Xiaoling, Mr Yiu Ming Yiu and Mr Chow Wai Leong, who were nominated to the Board by the substantial shareholders, have agreed to waive their Directors’ fees. No Directors’ fees had been paid/would be paid to any of the NINEDs nominated to the Board by the substantial shareholders in FY2021 and for the financial year ending 31 December 2022.

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

Principle 8: Disclosure on Remuneration

A breakdown showing the level and mix of each individual Director’s remuneration for FY2021 is disclosed in the table below:

| Director | | Salary (%) | Bonus (%) | Other short-term benefits (%) | Allowances (%) | Fees (%) | Total (%) |
|-------------------------------|-------------|------------|-----------|-------------------------------|----------------|----------|-----------|
| \$500,000 to \$750,000 | | | | | | | |
| Tan Poh Lan | ED and GCEO | 68 | 28 | – | 4 | – | 100 |

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| Directors | | Salary (S\$) | Bonus (S\$) | Other short-term benefits (S\$) | Allowances (S\$) | Fees (S\$) | Total (S\$) |
|--|-------------------------|-----------------|----------------|--|---------------------|---------------|----------------|
| Joseph Wong Wai Leung ⁽¹⁾ | Chairman, ID | - | - | - | - | 83,000 | 83,000 |
| Dr Ho Choon Hou ⁽²⁾ | Vice-Chairman, NINED | - | - | - | - | 118,000 | 118,000 |
| Yeo Hwee Tiong | ID | - | - | - | - | 83,000 | 83,000 |
| Cheong Tuck Yan Titus Jim ⁽³⁾ | ID | - | - | - | - | 6,917 | 6,917 |
| Zhai Lingyun ⁽⁴⁾ | NINED | - | - | - | - | - | - |
| Chen Xiaoling ⁽⁵⁾ | NINED | - | - | - | - | - | - |
| Yiu Ming Yiu ⁽⁵⁾ | NINED | - | - | - | - | - | - |
| Chow Wai Leong ⁽⁵⁾ | NINED | - | - | - | - | - | - |
| Fong Chi Wah ⁽⁶⁾ | NINED | - | - | - | - | - | - |
| Wang Lin ⁽⁷⁾ | NINED | - | - | - | - | - | - |
| Chang Chien ⁽⁶⁾ | NINED | - | - | - | - | - | - |

⁽¹⁾ Mr Joseph Wong Wai Leung was appointed as Chairman of the Board on 1 December 2021.

⁽²⁾ Dr Ho Choon Hou was re-designated from an ID to a NINED of the Company with effect from 1 December 2021. Following his re-designation, Dr Ho relinquished his position as Acting Board Chairman and took on the position of Vice Chairman of the Board in charge of M&A and investment.

⁽³⁾ Mr Cheong Tuck Yan Titus Jim was appointed as an ID of the Company on 1 December 2021.

⁽⁴⁾ Mr Zhai Lingyun has agreed to waive his Director's fees for FY2021.

⁽⁵⁾ Ms Chen Xiaoling, Mr Yiu Ming Yiu and Mr Chow Wai Leong were appointed as NINEDs of the Company on 1 December 2021 and have agreed to waive their Directors' fees for FY2021.

⁽⁶⁾ Mr Fong Chi Wah and Mr Chang Chien resigned as Directors of the Company on 11 November 2021 and have agreed to waive their Director's fees for FY2021.

⁽⁷⁾ Ms Wang Lin resigned as Director of the Company on 1 December 2021 and has agreed to waive her Director's fees for FY2021.

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

The remuneration of the top five (5) key management personnel (excluding the ED and GCEO) is disclosed in the table below:

| Key Management Personnel | | Salary (%) | Bonus (%) | Allowances (%) | Fees (%) | Total (%) |
|---------------------------------|---|---------------|--------------|-------------------|-------------|--------------|
| S\$250,000 to S\$500,000 | | | | | | |
| Choo Boon Yong | Group Chief Financial Officer | 74 | 22 | 4 | - | 100 |
| Thet Hnin Yi | Group Finance Director | 69 | 27 | 4 | - | 100 |
| S\$250,000 and below | | | | | | |
| Jamie Woon Geok Peng | Group Director – Brand Development | 73 | 21 | 6 | - | 100 |
| Stella Lee Mei Suan | Group Director – Organisational Development | 73 | 22 | 5 | - | 100 |
| Tan Huiying | Group Director – Quality and Operations | 71 | 23 | 6 | - | 100 |

For FY2021, the aggregate total remuneration paid to the top five (5) key management personnel, (excluding the ED and GCEO) amounted to S\$1,443,000 (FY2020: S\$1,374,000).

CORPORATE GOVERNANCE REPORT

For FY2021, there were no termination, retirement and post-employment benefits granted to the Directors (including the ED and GCEO) and top five (5) key management personnel other than the standard contractual notice period termination payment in lieu of service in respect of management employees.

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

ACCOUNTABILITY AND AUDIT

Accountability

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

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

Principle 9: Risk Management and Internal Controls

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

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

For FY2021, the Board has received written assurance:-

- (a) from the GCEO and Group Chief Financial Officer ("GCFO") that, as at FY2021, the financial records of the Company have been properly maintained and the financial statements give a true and fair view of the Group's operations and finances; and
- (b) from the GCEO, GCFO and other key management personnel who are responsible, regarding the adequacy and effectiveness of the Group's risk management and internal control systems in addressing key financial, operational, compliance, and information technology risks.

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

Based on the internal controls established and maintained by the Group, work performed by the internal and external auditors, reviews performed by Management, various Board Committees and the Board, and the written assurances from the GCEO and GCFO, the ARC and the Board are of the opinion that the Group's internal controls addressing key financial, operational, compliance, and information technology controls, as well as risk management systems were adequate and effective for the financial year ended 31 December 2021.

Principle 10: Audit and Risk Committee

The ARC, regulated by a set of written terms of reference, comprises five (5) Directors, all of whom are Non-Executive and the majority of whom, including the Chairman of the ARC, are independent:-

| | |
|--|---|
| Joseph Wong Wai Leung (Chairman of the Board and ID) | - Chairman |
| Dr Ho Choon Hou (NINED) | - Member |
| Yeo Hwee Tiong (ID) | - Member (Appointed on 1 December 2021) |
| Cheong Tuck Yan Titus Jim (ID) | - Member (Appointed on 1 December 2021) |
| Yiu Ming Yiu (NINED) | - Member (Appointed on 1 December 2021) |
| Fong Chi Wah (NINED) | - Member (Resigned on 11 November 2021) |

CORPORATE GOVERNANCE REPORT

The functions of the ARC include, amongst others:

- i. reviewing the significant financial reporting issues and judgments so as to ensure the integrity of the financial statements and any formal announcements relating to financial performance;
- ii. reviewing the scope and results of the audit and its cost effectiveness, and the independence and objectivity of the external auditors;
- iii. reviewing, with the external auditors of the Company, the audit plan, the scope of work of the external auditors, the evaluation by the external auditors of the system of internal accounting controls, the external auditor's letter to Management and the Management's response, and the results of the audits conducted by the internal and external auditors;
- iv. reviewing the quarterly, half-yearly and annual financial statements and announcements of financial results before submission to the Board for approval, focusing in particular, on changes in accounting policies and practices, major risk areas, significant adjustments resulting from the audit, the going concern statement, compliance with financial reporting standards as well as compliance with the Listing Manual and any other statutory/regulatory requirements;
- v. reviewing the effectiveness and adequacies of the Group's internal controls and procedures, including accounting and financial controls and procedures and ensure co-ordination between the external auditors and the Management, reviewing the assistance given by the Management to the auditors, and discussing problems and concerns, if any, arising from the interim and final audits, and any matters which the auditors may wish to discuss (in the absence of Management where necessary);
- vi. reviewing any interested person transactions to ensure that procedures are followed in accordance with the internal control measures which the Group has adopted;
- vii. reviewing and discussing with the external auditors any suspected fraud or irregularity, or suspected infringement of any relevant laws, rules or regulations, which has or is likely to have a material impact on the Company's operating results or financial position, and the Management's response thereto;
- viii. commissioning of an audit of the internal control and accounting systems of the Group until such time the ARC is satisfied that the Group's internal controls are robust and effective enough to mitigate the Group's internal control weaknesses (if any);
- ix. making recommendations to the Board on the appointment or re-appointment of the external auditors and matters relating to resignation or dismissal of the auditors, and approving the remuneration and terms of engagement of the external auditors;
- x. reviewing and approving transactions falling within the scope of Chapter 9 and Chapter 10 of the Listing Manual (if any);
- xi. reviewing any potential conflicts of interest;
- xii. reviewing the adequacy of potential business risk management processes;
- xiii. reviewing, monitoring and making recommendations to the Board on the Group's risk of being subject to, or violating, any sanctions-related law or regulation, and ensuring timely and accurate disclosures to SGX-ST and other relevant authorities. If required, to assess whether there is a need for the Group to obtain independent legal advice or appoint a compliance adviser in relation to the sanctions-related risks applicable to the Group, and the continuous monitoring of the validity of the information provided to shareholders and SGX-ST¹.
- xiv. reviewing and approving all hedging policies and instruments (if any) to be implemented by the Group;
- xv. undertaking such other reviews and projects as may be requested by the Board and report to the Board its findings from time to time on matters arising and requiring the attention of the ARC;

¹ The functions of ARC has been updated with sanctions-related law or regulations and risks as required by SGX-ST with reference to the media release by the Singapore Exchange, dated and effective from 7 March 2022, <https://www.sgx.com/media-centre/20220307-regulators-column-what-sgx-expects-issuers-respect-sanctions-related-risks>

CORPORATE GOVERNANCE REPORT

- xvi. reviewing and establishing procedures for receipt, retention and treatment of whistleblowing report(s) received by the Group, which may relate to criminal offences involving the Group or its employees, questionable accounting, auditing, business, safety or other matters that impact negatively on the Group; and
- xvii. generally to undertake such other functions and duties as may be required by any applicable laws, regulations, statutes and the Listing Manual, and by such amendments made thereto from time to time.

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

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

The Board is of the view that all the members of the ARC are appropriately qualified to discharge their responsibilities. The ARC held four (4) meetings in FY2021. These meetings were attended by the GCEO, the GCFO, the Group Finance Director and the Group Assistant Finance Director of the Company at the invitation of the ARC. The Group's external auditors were also present at two (2) of these meetings. The ARC has also held a private session with the external auditor and internal auditor, without the presence of the Executive Director and Management. The last private session with the internal and external auditors was held on 28 January 2022 and 25 February 2022 respectively.

The ARC has met with the Group's external auditor, Messrs KPMG LLP ("KPMG"), to discuss the results of KPMG's audit of the Group for FY2021 and the evaluation of the Group's system of internal controls. The ARC has also reviewed the Group's full-year results announcement, the financial statements of the Company and the consolidated financial statements of the Group for FY2021 prior to its recommendation to the Board for approval.

The total amount of audit fees paid to KPMG during FY2021 is S\$532,000 out of which S\$492,000 was for audit services and S\$40,000 was for non-audit services. Non-audit fees accounted for 7.5% of total audit fees in FY2021. The ARC, having reviewed the fees paid to KPMG for non-audit services, is satisfied with the independence and objectivity of KPMG as external auditor of the Group for FY2021.

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

Internal Audit

The Board recognises the importance of the internal audit function which, being independent of Management, is one of the principal means by which the ARC is able to carry out its responsibilities effectively. For FY2021, TRS Forensics Pte Ltd ("TRS") was the internal auditor of the Group. TRS primarily reported to the Chairman of the ARC and had unfettered access to all of the Group's documents, records, properties and personnel. The representatives from TRS who were in-charge of the internal audit of the Company were invited to the ARC Meeting to present their Internal Audit Report.

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

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

The Company also has in place a whistleblowing policy. This policy provides well-defined and accessible channels in the Group through which employees may raise concerns about improper conduct within the Group. If an employee, who is acting in good faith, raises a genuine concern under the whistleblowing policy, their identity and interests will be protected and all information received will be treated with strict confidentiality. They will also not be at risk of suffering from retribution, harassment or victimisation as a result. There are arrangements in place for the independent investigation of such matters for appropriate follow-up actions to be taken. The Company has included whistleblowing as a standard agenda item for the quarterly ARC and Board meetings for the ARC and the Board to receive and discuss any whistleblowing reports or incidents.

COMMUNICATION WITH SHAREHOLDERS

Principle 11: Shareholder Rights and Conduct of General Meetings

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

Shareholders are also given the opportunity to participate effectively in and vote at general meetings of the Company, where relevant rules, including voting procedures are clearly communicated to the attendees. Shareholders are given sufficient notice to attend general meetings, at least not less than the notice period stipulated by the Companies Act 1967 of Singapore and the Constitution of the Company. Corporations which provide nominee or custodial services are allowed to appoint more than two proxies, and other shareholders are allowed to appoint not more than two proxies to attend and participate at the Company's general meetings.

Conduct of Shareholders Meetings

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

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

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

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

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

In FY2021, the AGM was held via electronic means pursuant to the COVID-19 (Temporary Measures) (Alternative Arrangements for Meetings for Companies, Variable Capital Companies, Business Trusts, Unit Trusts and Debenture Holders) Order 2020 (the "Order"). The Minutes of the AGM was made available to shareholders on the SGXNet and the Company's corporate website within 1 month from the date of the AGM.

MANAGING STAKEHOLDERS RELATIONSHIPS

Principle 13: Engagement with Stakeholders

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

CORPORATE GOVERNANCE REPORT

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

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

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

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

ADDITIONAL INFORMATION

DEALINGS IN SECURITIES

[Listing Manual, Rule 1207(19)]

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

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

INTERESTED PERSON TRANSACTIONS

[Listing Manual, Rule 907]

There were no interested person transactions in FY2021 above S\$100,000.

MATERIAL CONTRACTS

[Listing Manual, Rule 1207(8)]

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

AUDITING FIRMS

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

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

SUSTAINABILITY REPORTING

The Company considers relevant environmental, social, and governance ("ESG") risks and opportunities to strengthen our business sustainability. The Company will publish its Sustainability Report ("Sustainability Report") before 31 May 2022. The Report will share its management, performance and targets in relation to its material ESG factors. This Sustainability Report will be aligned to SGX-ST's Listing Rules – Sustainability Reporting Guide, and will be publicly accessible through the Company's website as well as on SGXNet. It should be read in conjunction with the Annual Report presented here.

CORPORATE GOVERNANCE REPORT

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

As at 25 February 2022, the Group has utilised approximately S\$26.9 million out of the approximately S\$33.5 million raised from the Private Placement as follows:

| Intended Use of Placement Proceeds | Estimated amount (\$\$ m) | Estimated percentage of gross proceeds raised from the Private Placement | Amount utilised (\$\$ m) | Percentage of gross proceeds raised from the Private Placement |
|---|---------------------------|--|--------------------------|--|
| Further, fund and support the Group's operations in connection with its enlarged geographical footprint developed after the Company's initial public offering, including funding of additional strategic investments, joint ventures, acquisitions and/or strategic alliances as and when opportunities materialise and are deemed appropriate by the Board | 23.5 | 70.1% | 16.9 | 50.3% |
| General working capital | 8.6 | 25.7% | 9.4 | 28.0% |
| Expenses incurred in connection with the Private Placement | 1.4 | 4.2% | 0.6 | 1.8% |
| | 33.5 | 100.0% | 26.9 | 80.1% |

Note:

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

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

| | Amount (\$\$ m) |
|--|-----------------|
| Amount utilised as working capital: | |
| Trade purchases | 9.3 |
| Legal and professional fees | 0.1 |
| | 9.4 |



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DIRECTORS' STATEMENT

We are pleased to submit this annual report to the members of the Company together with the audited financial statements for the financial year ended 31 December 2021.

In our opinion:

- (a) the financial statements set out on pages 47 to 118 are drawn up so as to give a true and fair view of the financial position of the Group and of the Company as at 31 December 2021 and the financial performance, changes in equity and cash flows of the Group and changes in equity of the Company for the year ended on that date in accordance with the provisions of the Companies Act 1967 and Singapore Financial Reporting Standards (International); and
- (b) at the date of this statement, there are reasonable grounds to believe that the Company will be able to pay its debts as and when they fall due.

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

Directors

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

| | |
|------------------------------|--------------------------------|
| Mr Joseph Wong Wai Leung | |
| Dr Ho Choon Hou | |
| Ms Tan Poh Lan | |
| Mr Yeo Hwee Tiong | |
| Mr Cheong Tuck Yan Titus Jim | (appointed on 1 December 2021) |
| Mr Zhai Lingyun | |
| Ms Chen Xiaoling | (appointed on 1 December 2021) |
| Mr Yiu Ming Yiu | (appointed on 1 December 2021) |
| Mr Chow Wai Leong | (appointed on 1 December 2021) |

Directors' interests

According to the register kept by the Company for the purposes of Section 164 of the Companies Act 1967 (the "Act"), particulars of interests of directors who held office at the end of the financial year (including those held by their spouses and children below the age of 18) in shares, debentures and share options in the Company and in related corporations are as follows:

| Name of directors and company in which interests are held | Direct interest | | Deemed interest | |
|---|-----------------------------------|-----------------------------|-----------------------------------|-----------------------------|
| | Holdings at beginning of the year | Holdings at end of the year | Holdings at beginning of the year | Holdings at end of the year |
| Cordlife Group Limited | | | | |
| Ordinary shares | | | | |
| Dr Ho Choon Hou | 792,061 | 792,061 | – | – |
| Ms Tan Poh Lan | 534,480 | 791,780 | – | – |
| Share grants under Cordlife Share Grant Plan | | | | |
| Ms Tan Poh Lan | 876,600 | 120,200 | – | – |

There was no change in any of the above-mentioned interests in the Company between the end of the financial year and 21 January 2022.

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

DIRECTORS' STATEMENT

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

Share grant plans

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

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

Details of the Plan are disclosed in Note 29 of the financial statements.

The RC administering the Plan comprises five Directors, Mr Yeo Hwee Tiong, Mr Joseph Wong Wai Leung, Mr Cheong Tuck Yan Titus Jim, Ms Chen Xiaoling and Mr Chow Wai Leong.

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

| | Balance as at 1 January 2021 | Grants during the financial year | Vested during the financial year | Cancelled during the financial year | Balance as at 31 December 2021 |
|--------------------------------|------------------------------------|--|--|---|--------------------------------------|
| Grant date | | | | | |
| Performance Share Award | | | | | |
| 12 December 2019 | 381,650 | – | (381,650) | – | – |
| 25 August 2020 | 2,955,900 | – | (337,050) | (2,281,800) | 337,050 |
| | <u>3,337,550</u> | <u>–</u> | <u>(718,700)</u> | <u>(2,281,800)</u> | <u>337,050</u> |

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

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

Audit and risk committee

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

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

- Reviews the quarterly, half-yearly and annual financial statements and the auditor's report on the annual financial statements of the Company before their submission to the Board of Directors;
- Reviews effectiveness of the Company's material internal controls, including financial, operational and compliance controls and risk management via reviews carried out by the internal auditors;
- Meets with the external auditor, other committees, and management in separate executive sessions to discuss any matters that these groups believe should be discussed privately with the ARC;
- Reviews legal and regulatory matters that may have a material impact on the financial statements, related compliance policies and programmes and any reports received from regulators;
- Reviews the cost effectiveness and the independence and objectivity of the external auditor;
- Reviews the nature and extent of non-audit services provided by the external auditor;
- Recommends to the Board of Directors the external auditor to be nominated, approves the compensation of the external auditor, and reviews the scope and results of the audit;
- Reports actions and minutes of the ARC to the Board of Directors with such recommendations as the ARC considers appropriate; and
- Reviews interested person transactions in accordance with the requirements of the Singapore Exchange Securities Trading Limited's Listing Manual.

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

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

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

Auditors

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

On behalf of the Board of Directors

Mr Joseph Wong Wai Leung
Director

Ms Tan Poh Lan
Director

4 April 2022

INDEPENDENT AUDITORS' REPORT

Members of the Company
Cordlife Group Limited

Report on the audit of the financial statements

Opinion

We have audited the financial statements of Cordlife Group Limited (the “Company”) and its subsidiaries (the “Group”), which comprise the consolidated statement of financial position of the Group and the statement of financial position of the Company as at 31 December 2021, the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows of the Group and the statement of changes in equity of the Company for the year then ended on that date, and notes to the financial statements, including a summary of significant accounting policies, as set out on pages 47 to 118.

In our opinion, the accompanying consolidated financial statements of the Group and the statement of financial position and statement of changes in equity of the Company are properly drawn up in accordance with the provisions of the Companies Act 1967 (the “Act”) and Singapore Financial Reporting Standards (International) (“SFRS (I)”) so as to give a true and fair view of the consolidated financial position of the Group and the financial position of the Company as at 31 December 2021 and of the consolidated financial performance, consolidated changes in equity and consolidated cash flows of the Group and the changes in equity of the Company for the year ended on that date.

Basis for opinion

We conducted our audit in accordance with Singapore Standards on Auditing (“SSAs”). Our responsibilities under those standards are further described in the ‘*Auditors’ responsibilities for the audit of the financial statements*’ section of our report. We are independent of the Group in accordance with the Accounting and Corporate Regulatory Authority *Code of Professional Conduct and Ethics for Public Accountants and Accounting Entities* (“ACRA Code”) together with the ethical requirements that are relevant to our audit of the financial statements in Singapore, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ACRA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key audit matters

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

INDEPENDENT AUDITORS' REPORT

| Revenue recognition amounting to \$56,669,000 (Refer to Note 4 to the financial statements) | |
|---|---|
| <i>The key audit matter</i> | <i>How the matter was addressed in our audit</i> |
| <p>The Group enters into long-term cord blood, cord lining and cord tissue banking service contracts with tenure ranging from 18 to 75 years.</p> <p>For each contract, the Group has identified several performance obligations. Revenue is allocated to each performance obligation based on the expected costs plus an appropriate margin.</p> <p>Significant management judgements have been applied in the inputs to the cost model in deriving the expected total costs to be incurred; and to determine the margin for each performance obligations.</p> | <p>We considered the terms of the key contracts and the appropriateness of the revenue recognition policies.</p> <p>We tested the effectiveness of key controls over revenue recognition and reconciliation.</p> <p>Our substantive procedures included the following:</p> <ul style="list-style-type: none"> Assessed the reasonableness of management's estimation of the total cost of the contracts, including retrospective review of estimates made in prior period. Assessed the reasonableness of the margin used in allocating revenue to each performance obligation. Recomputed the amount of revenue to be recognised for the year for selected samples. <p>We noted that management's identification of performance obligations and allocation of revenue to each performance obligation were reasonable.</p> |

| Impairment assessment of goodwill amounting to \$27,618,000 (Refer to Note 13 to the financial statements) | |
|---|---|
| <i>The key audit matter</i> | <i>How the matter was addressed in our audit</i> |
| <p>The Group has recognised a significant amount of goodwill, arising from the Group's acquisition of Stemlife Berhad and its subsidiaries, and Healthbaby Biotech (Hong Kong) Co., Limited and its subsidiary. These entities have been identified as separate cash generating units (CGUs).</p> <p>Management has assessed the recoverable amounts of the CGUs calculated based on their value-in-use, using discounted cash flow forecasts in which the management made judgements over certain key inputs in relation to cash flows and discount rates.</p> <p>The Group did not recognise impairment loss on goodwill during the year.</p> | <p>Our review of the impairment assessment by management included the following:</p> <ul style="list-style-type: none"> Assessed the appropriateness of the determination of CGUs. Assessed the appropriateness and reasonableness of the methodology used to estimate the recoverable amount, and key assumptions including cash flows and discount rates used by management. <p>Based on the procedures performed, we are satisfied that the value-in-use amounts are in excess of the carrying amounts, and no impairment is required.</p> <p>We also noted that the Group's disclosures in the financial statements were appropriate.</p> |

INDEPENDENT AUDITORS' REPORT

Other information

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

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

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

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

Responsibilities of management and directors for the financial statements

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with the provisions of the Act and SFRS(I)s, and for devising and maintaining a system of internal accounting controls sufficient to provide a reasonable assurance that assets are safeguarded against loss from unauthorised use or disposition; and transactions are properly authorised and that they are recorded as necessary to permit the preparation of true and fair financial statements and to maintain accountability of assets.

In preparing the financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

The directors' responsibilities include overseeing the Group's financial reporting process.

Auditors' responsibilities for the audit of the financial statements

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls.
- Obtain an understanding of internal controls relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

INDEPENDENT AUDITORS' REPORT

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

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

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

Report on other legal and regulatory requirements

In our opinion, the accounting and other records required by the Act to be kept by the Company and by those subsidiary corporations incorporated in Singapore of which we are the auditors have been properly kept in accordance with the provisions of the Act.

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

KPMG LLP
*Public Accountants and
Chartered Accountants*

Singapore
4 April 2022

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

Year ended 31 December 2021

| | Note | 2021 \$'000 | 2020 \$'000 (Restated) |
|---|------|----------------|------------------------------|
| Revenue | 4 | 56,669 | 58,987 |
| Cost of sales | | (17,186) | (18,881) |
| Gross profit | | <u>39,483</u> | <u>40,106</u> |
| Other operating income | 5 | 826 | 2,907 |
| Selling and marketing expenses | | (17,537) | (18,432) |
| Administrative expenses | | (18,454) | (19,463) |
| Finance income | 6 | 2,267 | 2,228 |
| Finance costs | 6 | (200) | (341) |
| Profit before income tax from operations | | <u>6,385</u> | <u>7,005</u> |
| Fair value gain/(loss) on investment properties | 12 | 179 | (194) |
| Reversal of impairment loss on investment in associate | 10 | – | 386 |
| Share of profit of associate | 10 | 432 | 367 |
| Gain/(loss) on financial asset at fair value through profit or loss | | 13 | (13) |
| Profit before income tax | | <u>7,009</u> | <u>7,551</u> |
| Tax expense | 8 | (874) | (1,001) |
| Profit for the year | 7 | <u>6,135</u> | <u>6,550</u> |
| Other comprehensive loss: | | | |
| <i>Items that are or may be reclassified subsequently to profit or loss</i> | | | |
| Foreign currency translation | | (607) | (179) |
| Total comprehensive income for the year | | <u>5,528</u> | <u>6,371</u> |
| Profit for the year attributable to: | | | |
| Owners of the Company | | 6,135 | 6,547 |
| Non-controlling interests | | – | 3 |
| | | <u>6,135</u> | <u>6,550</u> |
| Total comprehensive income for the year attributable to: | | | |
| Owners of the Company | | 5,528 | 6,368 |
| Non-controlling interests | | – | 3 |
| | | <u>5,528</u> | <u>6,371</u> |
| Earnings per share (cents per share): | | | |
| Basic | 9 | 2.40 | 2.57 |
| Diluted | 9 | 2.39 | 2.55 |

The accompanying notes form an integral part of these financial statements.

STATEMENTS OF FINANCIAL POSITION

As at 31 December 2021

| | Note | Group | | Company | |
|-------------------------------|------|----------------|----------------|----------------|----------------|
| | | 2021 \$'000 | 2020 \$'000 | 2021 \$'000 | 2020 \$'000 |
| Non-current assets | | | | | |
| Property, plant and equipment | 11 | 16,403 | 16,425 | 6,558 | 6,910 |
| Investment properties | 12 | 3,513 | 7,531 | 1,848 | 2,305 |
| Intangible assets | 13 | 31,539 | 31,972 | 730 | 616 |
| Deferred tax assets | 23 | 672 | 1,139 | – | – |
| Investment in subsidiaries | 28 | – | – | 62,620 | 62,620 |
| Investment in associate | 10 | 1,106 | 769 | – | – |
| Long-term investments | 14 | 4,357 | – | 4,357 | – |
| Contract assets | 4 | 66,573 | 68,247 | 42,211 | 44,098 |
| Other receivables | 16 | – | 1 | – | 1 |
| Fixed deposits | 19 | 9,731 | 3,244 | – | – |
| | | 133,894 | 129,328 | 118,324 | 116,550 |
| Current assets | | | | | |
| Inventories | 17 | 1,428 | 1,659 | 283 | 381 |
| Prepayments | | 2,162 | 2,584 | 1,046 | 778 |
| Trade receivables | 15 | 23,961 | 23,391 | 10,842 | 9,726 |
| Other receivables | 16 | 5,460 | 3,115 | 696 | 525 |
| Tax recoverable | | 1,921 | 1,181 | – | – |
| Amounts owing by subsidiaries | 18 | – | – | 23,381 | 21,883 |
| Short-term investments | 14 | 15,411 | 19,821 | – | 4,491 |
| Fixed deposits | 19 | 33,760 | 16,113 | 8,268 | – |
| Pledged fixed deposits | 19 | 257 | 10,086 | – | – |
| Cash and cash equivalents | 20 | 15,458 | 25,938 | 3,438 | 11,509 |
| | | 99,818 | 103,888 | 47,954 | 49,293 |
| Total assets | | 233,712 | 233,216 | 166,278 | 165,843 |

The accompanying notes form an integral part of these financial statements.

STATEMENTS OF FINANCIAL POSITION

As at 31 December 2021

| | Note | Group | | Company | |
|---|------|----------------|----------------|----------------|----------------|
| | | 2021 \$'000 | 2020 \$'000 | 2021 \$'000 | 2020 \$'000 |
| Current liabilities | | | | | |
| Trade and other payables | 21 | 11,423 | 14,251 | 4,431 | 4,204 |
| Amounts owing to subsidiaries | 18 | – | – | 15,378 | 10,407 |
| Interest-bearing borrowings | 22 | – | 310 | – | 310 |
| Lease liabilities | | 2,124 | 1,580 | 174 | 298 |
| Contract liabilities | 4 | 9,026 | 7,792 | 4,019 | 3,876 |
| Tax payable | | 1,666 | 2,471 | – | – |
| | | 24,239 | 26,404 | 24,002 | 19,095 |
| Net current assets | | 75,579 | 77,484 | 23,952 | 30,198 |
| Non-current liabilities | | | | | |
| Other payables | 21 | 662 | 543 | – | – |
| Amounts owing to subsidiaries | 18 | – | – | 13,395 | 13,268 |
| Interest-bearing borrowings | 22 | – | 3,678 | – | 3,678 |
| Lease liabilities | | 843 | 2,085 | 139 | 313 |
| Contract liabilities | 4 | 67,108 | 62,659 | 15,668 | 15,310 |
| Deferred tax liabilities | 23 | 4,171 | 4,625 | 15 | 15 |
| | | 72,784 | 73,590 | 29,217 | 32,584 |
| Total liabilities | | 97,023 | 99,994 | 53,219 | 51,679 |
| Net assets | | 136,689 | 133,222 | 113,059 | 114,164 |
| Equity attributable to owners of the Company | | | | | |
| Share capital | 24 | 95,163 | 95,646 | 95,163 | 95,646 |
| Treasury shares | 24 | (13,290) | (14,073) | (13,290) | (14,073) |
| Accumulated profits | | 69,407 | 65,570 | 30,233 | 31,632 |
| Other reserves | 25 | (14,851) | (14,047) | 953 | 959 |
| | | 136,429 | 133,096 | 113,059 | 114,164 |
| Non-controlling interests | | 260 | 126 | – | – |
| Total equity | | 136,689 | 133,222 | 113,059 | 114,164 |
| Total equity and liabilities | | 233,712 | 233,216 | 166,278 | 165,843 |

The accompanying notes form an integral part of these financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

Year ended 31 December 2021

| Note | Share capital \$'000 | Treasury shares \$'000 | Accumulated profits \$'000 | Share-based compensation reserve \$'000 | Capital reserve \$'000 | Merger reserve \$'000 | Acquisition reserve \$'000 | Foreign currency translation reserve \$'000 | Non-controlling interests \$'000 | Total equity \$'000 | | | | | | | | | | |
|--|-------------------------|---------------------------|-------------------------------|--|---------------------------|--------------------------|-------------------------------|--|-------------------------------------|------------------------|---|---|-------|---|---|---|---|---|---|-------|
| Group | | | | | | | | | | | | | | | | | | | | |
| At 1 January 2020 | 95,994 | (14,700) | 61,563 | 697 | 568 | 534 | (11,740) | (3,767) | 123 | 129,272 | | | | | | | | | | |
| Total comprehensive income/(loss) for the year | | | | | | | | | | | | | | | | | | | | |
| Profit for the year | | | | | | | | | | | - | - | 6,547 | - | - | - | - | - | 3 | 6,550 |
| Other comprehensive loss | | | | | | | | | | | | | | | | | | | | |
| Foreign currency translation | | | | | | | | | | | | | | | | | | | | |
| Total comprehensive income/(loss) for the year | - | - | 6,547 | - | - | - | - | (179) | 3 | 6,371 | | | | | | | | | | |
| Transactions with owners, recognised directly in equity | | | | | | | | | | | | | | | | | | | | |
| Contributions by and distributions to owners | | | | | | | | | | | | | | | | | | | | |
| Grant of share awards to employees | - | - | - | 119 | - | - | - | - | - | 119 | | | | | | | | | | |
| Reissuance of treasury shares pursuant to equity compensation plan | 24 | (348) | 627 | (279) | - | - | - | - | - | - | | | | | | | | | | |
| Dividends | 34 | - | - | (2,540) | - | - | - | - | - | (2,540) | | | | | | | | | | |
| Total contributions by and distributions to owners | (348) | 627 | (2,540) | (160) | - | - | - | - | - | (2,421) | | | | | | | | | | |
| At 31 December 2020 | 95,646 | (14,073) | 65,570 | 537 | 568 | 534 | (11,740) | (3,946) | 126 | 133,222 | | | | | | | | | | |

The accompanying notes form an integral part of these financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

Year ended 31 December 2021

| Note | Share capital \$'000 | Treasury shares \$'000 | Accumulated profits \$'000 | Share-based compensation reserve \$'000 | Capital reserve \$'000 | Merger reserve \$'000 | Acquisition reserve \$'000 | Foreign currency translation reserve \$'000 | Non-controlling interests \$'000 | Total equity \$'000 | | | | | | | | | | |
|--|-------------------------|---------------------------|-------------------------------|--|---------------------------|--------------------------|-------------------------------|--|-------------------------------------|------------------------|---|---|-------|---|---|---|---|---|---|-------|
| Group | | | | | | | | | | | | | | | | | | | | |
| At 1 January 2021 | 95,646 | (14,073) | 65,570 | 537 | 568 | 534 | (11,740) | (3,946) | 126 | 133,222 | | | | | | | | | | |
| Total comprehensive income/(loss) for the year | | | | | | | | | | | | | | | | | | | | |
| Profit for the year | | | | | | | | | | | - | - | 6,135 | - | - | - | - | - | - | 6,135 |
| Other comprehensive loss | | | | | | | | | | | | | | | | | | | | |
| Foreign currency translation | | | | | | | | | | | | | | | | | | | | |
| Total comprehensive income/(loss) for the year | - | - | 6,135 | - | - | - | - | (607) | - | 5,528 | | | | | | | | | | |
| Transactions with owners, recognised directly in equity | | | | | | | | | | | | | | | | | | | | |
| Contributions by and distributions to owners | | | | | | | | | | | | | | | | | | | | |
| Grant of share awards to employees | - | - | - | 294 | - | - | - | - | - | 294 | | | | | | | | | | |
| Reissuance of treasury shares pursuant to equity compensation plan | 24 | (483) | 783 | - | (300) | - | - | - | - | - | | | | | | | | | | |
| Dividends | 34 | - | - | (2,298) | - | - | - | - | - | (2,298) | | | | | | | | | | |
| Total contributions by and distributions to owners | | (483) | 783 | (2,298) | (6) | - | - | - | - | (2,004) | | | | | | | | | | |
| Changes in ownership interests in subsidiary | | | | | | | | | | | | | | | | | | | | |
| Acquisition of non-controlling interests in subsidiary | 28 | - | - | - | - | - | (191) | - | 134 | (57) | | | | | | | | | | |
| Total changes in ownership interest in subsidiary | | - | - | - | - | - | (191) | - | 134 | (57) | | | | | | | | | | |
| At 31 December 2021 | 95,163 | (13,290) | 69,407 | 531 | 568 | 534 | (11,931) | (4,553) | 260 | 136,689 | | | | | | | | | | |

The accompanying notes form an integral part of these financial statements.

STATEMENT OF CHANGES IN EQUITY

Year ended 31 December 2021

| | Note | Share capital \$'000 | Treasury shares \$'000 | Accumulated profits \$'000 | Capital reserve \$'000 | Share-based compensation reserve \$'000 | Total equity \$'000 |
|--|------|-------------------------|---------------------------|-------------------------------|---------------------------|---|------------------------|
| Company | | | | | | | |
| At 1 January 2020 | | 95,994 | (14,700) | 30,653 | 422 | 697 | 113,066 |
| Total comprehensive income for the year | | | | | | | |
| Profit for the year | | – | – | 3,519 | – | – | 3,519 |
| Total comprehensive income for the year | | – | – | 3,519 | – | – | 3,519 |
| Transactions with owners, recognised directly in equity | | | | | | | |
| Contributions by and distributions to owners | | | | | | | |
| Grant of share awards to employees | | – | – | – | – | 119 | 119 |
| Reissuance of treasury shares pursuant to equity compensation plan | 24 | (348) | 627 | – | – | (279) | – |
| Dividends | 34 | – | – | (2,540) | – | – | (2,540) |
| Total contributions by and distributions to owners | | (348) | 627 | (2,540) | – | (160) | (2,421) |
| At 31 December 2020 | | 95,646 | (14,073) | 31,632 | 422 | 537 | 114,164 |
| At 1 January 2021 | | 95,646 | (14,073) | 31,632 | 422 | 537 | 114,164 |
| Total comprehensive income for the year | | | | | | | |
| Profit for the year | | – | – | 899 | – | – | 899 |
| Total comprehensive income for the year | | – | – | 899 | – | – | 899 |
| Transactions with owners, recognised directly in equity | | | | | | | |
| Contributions by and distributions to owners | | | | | | | |
| Grant of share awards to employees | | – | – | – | – | 294 | 294 |
| Reissuance of treasury shares pursuant to equity compensation plan | 24 | (483) | 783 | – | – | (300) | – |
| Dividends | 34 | – | – | (2,298) | – | – | (2,298) |
| Total contributions by and distributions to owners | | (483) | 783 | (2,298) | – | (6) | (2,004) |
| At 31 December 2021 | | 95,163 | (13,290) | 30,233 | 422 | 531 | 113,059 |

The accompanying notes form an integral part of these financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS

for the financial year ended 31 December 2021

| | Note | 2021 \$'000 | 2020 \$'000 (Restated) |
|--|------|----------------|------------------------------|
| Cash flows from operating activities | | | |
| Profit before income tax | | 7,009 | 7,551 |
| Adjustments for: | | | |
| Depreciation of property, plant and equipment | 11 | 2,636 | 2,913 |
| Amortisation of intangible assets | 13 | 936 | 1,230 |
| Impairment loss on trade and non-trade receivables and bad debt written off, net | 7 | 1,560 | 1,817 |
| Gain on disposal of property, plant and equipment and investment properties, net | | (24) | (12) |
| Interest income | 6 | (2,267) | (2,228) |
| Interest expense | 6 | 200 | 341 |
| Share-based compensation expense | | 294 | 119 |
| Fair value (gain)/loss on investment properties | 12 | (179) | 194 |
| Investment loss/(income) | 5 | 282 | (141) |
| (Gain)/loss on financial asset at fair value through profit or loss | | (13) | 13 |
| Reversal of impairment loss on investment in associate | 10 | – | (386) |
| Share of profit of associate | 10 | (432) | (367) |
| Unrealised exchange (gain)/loss | | (373) | 361 |
| | | 9,629 | 11,405 |
| Changes in: | | | |
| Trade receivables | | (2,355) | (879) |
| Contract assets | | 1,438 | 1,498 |
| Other receivables and prepayments | | (103) | (6) |
| Inventories | | 231 | (316) |
| Trade and other payables | | (3,101) | (1,966) |
| Lease liabilities | | (2,413) | (1,254) |
| Contract liabilities | | 5,569 | 6,351 |
| Cash generated from operations | | 8,895 | 14,833 |
| Interest received | | 1,493 | 2,025 |
| Interest paid | | (35) | (152) |
| Income tax paid | | (852) | (806) |
| Net cash from operating activities | | 9,501 | 15,900 |

The accompanying notes form an integral part of these financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS

for the financial year ended 31 December 2021

| | Note | 2021 \$'000 | 2020 \$'000 (Restated) |
|--|------|-----------------|------------------------------|
| Cash flows from investing activities | | | |
| Purchase of property, plant and equipment | | (1,195) | (1,143) |
| Purchase of intangible assets | | (375) | (232) |
| Proceeds from sale of investment properties | | 1,300 | – |
| Proceeds from disposal of fixed assets | | 65 | 3 |
| Dividend received | | 84 | 131 |
| Redemption/(placement) of short-term investments | | 257 | (431) |
| Redemption of long-term investments | | – | 5,145 |
| Transfer to fixed deposits, net | | (24,044) | (4,805) |
| Net cash used in investing activities | | (23,908) | (1,332) |
| Cash flows from financing activities | | | |
| Transfer from pledged fixed deposits | | 9,708 | – |
| Acquisition of non-controlling interest in subsidiary | 28 | (57) | – |
| Repayment of interest-bearing borrowings | 22 | (3,988) | (310) |
| Dividends paid | 34 | (2,298) | (2,540) |
| Cash flows from/(used in) financing activities | | 3,365 | (2,850) |
| Net (decrease)/increase in cash and cash equivalents | | (11,042) | 11,718 |
| Cash and cash equivalents at beginning of the year | | 25,938 | 14,784 |
| Effects of exchange rate changes on the balance of cash and cash equivalents | | 562 | (564) |
| Cash and cash equivalents at end of the year | | 15,458 | 25,938 |

The accompanying notes form an integral part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2021

These notes form an integral part of the financial statements.

The financial statements were authorised for issue by the Board of Directors on 4 April 2022.

1 Domicile and activities

Cordlife Group Limited (the “Company”) is incorporated in Singapore and has its registered office at 1 Yishun Industrial Street 1, #06-01/09, A’Posh Bizhub, Singapore 768160.

The Company is a limited liability company incorporated and domiciled in Singapore and is listed on the Mainboard of the Singapore Exchange Securities Trading Limited (“SGX-ST”).

The principal activities of the Company are investment holding and the provision of cord blood banking services, which involves the processing and storage of cord blood stem cells. The principal activities of the subsidiaries are disclosed in Note 28 to the financial statements.

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

2 Basis of preparation

2.1 Statement of compliance

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

2.2 Basis of measurement

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

2.3 Functional and presentation currency

These financial statements are presented in Singapore dollars (“\$”), which is the Company’s functional currency. All financial information presented in Singapore dollars has been rounded to the nearest thousand, unless otherwise stated.

2.4 Use of estimates and judgements

The preparation of the financial statements in conformity with SFRS(I) requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of revenues, expenses, assets and liabilities. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

Information about critical judgements in applying accounting policies that have the most significant effect on the amounts recognised in the financial statements is included in the following note:

- Note 4 – revenue recognition: whether revenue from rendering of cord blood, cord lining and cord tissue banking services is recognised over time or point in time.

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2021

2 Basis of preparation (cont'd)

2.4 Use of estimates and judgements (cont'd)

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

- Note 12 – fair value of investment properties: determination of fair value of investment properties based on the valuation technique and significant unobservable inputs;
- Note 13 – impairment of non-financial assets: key assumptions used in discounted cash flow projections for the recoverable amounts; and
- Note 31(i) – measurement of expected credit losses allowance for trade and other receivables and contract assets: key assumptions in determining the weighted-average loss rate.

2.5 New standards and amendments

The Group has applied the following SFRS(I)s, amendments to and interpretations of SFRS(I) for the first time for the annual period beginning on 1 January 2021:

- *COVID-19-Related Rent Concessions (Amendments to SFRS(I) 16)*
- *Interest Rate Benchmark Reform - Phase 2 (Amendments to SFRS(I) 9, SFRS(I) 1-39 and SFRS(I) 7, SFRS(I) 4 and SFRS(I) 16)*

The application of these amendments to the standards and interpretations does not have a material effect on the financial statements.

3 Significant accounting policies

The significant accounting policies set out below have been applied consistently to all periods presented in these financial statements, except as explained in note 2.5, which addresses changes in accounting policies.

3.1 Basis of consolidation

(i) Business combinations

The Group accounts for business combinations using the acquisition method when the acquired set of activities and assets meets the definition of a business and control is transferred to the Group (see note ii). In determining whether a particular set of activities acquired includes, at a minimum, an input and substantive process and whether the acquired set as the ability to produce outputs.

The Group has an option to apply a 'concentration test' that permits a simplified assessment of whether an acquired set of activities and assets is not a business. The optional concentration test is met if substantially all the fair value of the gross assets acquired is concentrated in a single identifiable asset or group of similar identifiable assets.

The Group measures goodwill at the date of acquisition as:

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

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

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2021

3 Significant accounting policies (cont'd)

3.1 Basis of consolidation (cont'd)

(i) Business combinations (cont'd)

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

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

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

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

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

(ii) Subsidiaries

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

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

(iii) Loss of control

Upon the loss of control, the Group derecognises the assets and liabilities of the subsidiary, any NCI and the other components of equity related to the subsidiary. Any surplus or deficit arising on the loss of control is recognised in profit or loss. If the Group retains any interest in the former subsidiary, then such interest is measured at fair value at the date that control is lost.

(iv) Investments in associate

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

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

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

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2021

3 Significant accounting policies (cont'd)

3.1 Basis of consolidation (cont'd)

(v) Transaction eliminated on consolidation

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

(vi) Subsidiaries and associates in the separate financial statements

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

3.2 Foreign currency

(i) Foreign currency transactions

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

Non-monetary assets and liabilities denominated in foreign currencies that are measured at fair value are translated to the functional currency at the exchange rate at the date that the fair value was determined. Non-monetary items in a foreign currency that are measured in terms of historical cost are translated using the exchange rate at the date of the transaction. Foreign currency differences arising on translation are recognised in profit or loss.

(ii) Foreign operations

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

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

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

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2021

3 Significant accounting policies (cont'd)

3.3 Financial instruments

(i) Recognition and initial measurement

Non-derivative financial assets and financial liabilities

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

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

(ii) Classification and subsequent measurement

Non-derivative financial assets

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

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

Financial assets at amortised cost

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

- it is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets at FVTPL

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

Financial assets: Business model assessment

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

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

3 Significant accounting policies (cont'd)

3.3 Financial instruments (cont'd)

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

Financial assets at FVTPL (cont'd)

Financial assets: Business model assessment (cont'd)

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

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

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

Non-derivative financial assets: Assessment whether contractual cash flows are solely payments of principal and interest

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

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

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

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

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2021

3 Significant accounting policies (cont'd)

3.3 Financial instruments (cont'd)

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

Non-derivative financial assets: Subsequent measurement and gains and losses

Financial assets at FVTPL

These assets are subsequently measured at fair value. Net gains and losses, including any interest or dividend income, are recognised in 'other operating income' in the statement of comprehensive income.

Financial assets at amortised cost

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

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

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

(iii) Derecognition

Financial assets

The Group derecognises a financial asset when:

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

Transferred assets are not derecognised when the Group enters into transactions whereby it transfers assets recognised in its statement of financial position, but retains either all or substantially all of the risks and rewards of the transferred assets.

Financial liabilities

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

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

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2021

3 Significant accounting policies (cont'd)

3.3 Financial instruments (cont'd)

(iv) Offsetting

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

(v) Cash and cash equivalents

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

(vi) Share capital

Ordinary shares

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

Repurchase, disposal and reissue of share capital (treasury shares)

When share capital recognised as equity is repurchased, the amount of the consideration paid, which includes directly attributable costs, is recognised as a deduction from equity. Repurchased shares are classified as treasury shares and are presented in the reserve for own share account. When treasury shares are sold or reissued subsequently, the amount received is recognised as an increase in equity, and the resulting surplus or deficit on the transaction is presented in non-distributable capital reserve.

3.4 Property, plant and equipment

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

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

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

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

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

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

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

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2021

3 Significant accounting policies (cont'd)

3.5 Investment property

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

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

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

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

3.6 Intangible assets

(i) Goodwill

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

Subsequent measurement

Goodwill is measured at cost less accumulated impairment losses.

(ii) Other intangible assets

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

(iii) Amortisation

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

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

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

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

3 Significant accounting policies (cont'd)

3.7 Leases

At inception of a contract, the Group assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

(i) As a lessee

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

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

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

The right-of-use asset is subsequently stated at cost less accumulated depreciation and impairment losses, except for right-of-use assets that meet the definition of investment property are carried at fair value in accordance with Note 3.5.

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

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

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

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

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2021

3 Significant accounting policies (cont'd)

3.7 Leases (cont'd)

(i) As a lessee (cont'd)

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

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

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

Short-term leases and leases of low-value assets

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

(ii) As a lessor

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

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

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

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

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

The Group applies the derecognition and impairment requirements in SFRS(I) 9 to the net investment in the lease (see Note 3.9(i)). The Group further regularly reviews estimated unguaranteed residual values used in calculating the gross investment in the lease.

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

3 Significant accounting policies (cont'd)

3.8 Inventories

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

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

3.9 Impairment

(i) Non-derivative financial assets and contract assets

Non-derivative financial assets

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

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

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

Simplified approach

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

General approach

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

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

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

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

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

- the borrower is unlikely to pay its credit obligations to the Group in full, without recourse by the Group to actions such as realising security (if any is held); or
- the financial asset is more than 90 days past due.

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2021

3 Significant accounting policies (cont'd)

3.9 Impairment (cont'd)

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

General approach (cont'd)

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

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

Measurement of ECLs

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

Credit-impaired financial assets

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

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

- significant financial difficulty of the borrower or issuer;
- a breach of contract such as a default or being more than 90 days past due;
- the restructuring of a loan or advance by the Group on terms that the Group would not consider otherwise;
- it is probable that the borrower will enter bankruptcy or other financial reorganisation; or
- the disappearance of an active market for a security because of financial difficulties.

Presentation of allowance for ECLs in the statement of financial position

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

Write-off

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

3 Significant accounting policies (cont'd)

3.9 Impairment (cont'd)

(ii) Non-financial assets

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

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

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

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

3.10 Employee benefits

Defined contribution plans

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

Employee leave entitlement

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

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2021

3 Significant accounting policies (cont'd)

3.10 Employee benefits (cont'd)

Employee equity compensation plans

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

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

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

3.11 Provisions

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

3.12 Revenue

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

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

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

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

3 Significant accounting policies (cont'd)

3.13 Government grants

Government grants are recognised initially as deferred income at fair value when there is reasonable assurance that they will be received and the Group will comply with the conditions associated with the grant. These grants are then recognised in profit or loss as 'other income'. Grants that compensate the Group for expenses incurred are recognised in profit or loss as 'other income' on a systematic basis in the same periods in which the expenses are recognised, unless the conditions for receiving the grant are met after the related expenses have been recognised. In this case, the grant is recognised when it becomes receivable.

3.14 Finance income and finance costs

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

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

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

The 'effective interest rate' is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument to:

- the gross carrying amount of the financial asset; or
- the amortised cost of the financial liability.

In calculating interest income and expense, the effective interest rate is applied to the gross carrying amount of the asset (when the asset is not credit-impaired) or to the amortised cost of the liability. However, for financial assets that have become credit-impaired subsequent to initial recognition, interest income is calculated by applying the effective interest rate to the amortised cost of the financial asset. If the asset is no longer credit-impaired, then the calculation of interest income reverts to the gross basis.

3.15 Tax

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

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

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

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

- temporary differences on the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss;
- temporary differences related to investments in subsidiaries, associates and joint arrangements to the extent that the Group is able to control the timing of the reversal of the temporary difference and it is probable that they will not reverse in the foreseeable future; and
- taxable temporary differences arising on the initial recognition of goodwill.

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2021

3 Significant accounting policies (cont'd)

3.15 Tax (cont'd)

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

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

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

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

Other taxes

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

- (a) where the GST incurred on a purchase of goods and services is not recoverable from the taxation authority, in which case the GST is recognised as part of the cost of acquisition of the asset or as part of the expense item as applicable; and
- (b) receivables and payables that are stated with the amount of GST included.

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

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

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

3.16 Earnings per share

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

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2021

3 Significant accounting policies (cont'd)

3.17 Segment reporting

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

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

3.18 New standards and interpretations not yet adopted

A number of new standards, interpretations and amendments to standards are effective for annual periods beginning after 1 January 2021 and earlier application is permitted; however, the Group has not early adopted the new or amended standards and interpretations in preparing these financial statements.

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

- *SFRS(I) 17 Insurance Contracts and amendments to SFRS(I) 17 Insurance Contracts*
- *Covid-19-Related Rent Concessions beyond 30 June 2021 (Amendment to SFRS(I) 16)*
- *Reference to the Conceptual Framework (Amendments to SFRS(I) 3)*
- *Property, plant and equipment - Proceeds before Intended Use (Amendments to SFRS(I) 1-16)*
- *Onerous Contracts - Cost of Fulfilling a Contract (Amendments to SFRS(I) 37)*
- *Classification of Liabilities as Current or Non-current (Amendments to SFRS(I) 1-1)*
- *Annual Improvements to SFRS(I)s 2018-2020*
- *Disclosure of Accounting Policies (Amendments to SFRS(I) 1-1 and SFRS(I) Practice Statement 2)*
- *Definition of Accounting Estimates (Amendments to SFRS(I) 1-8)*
- *Deferred Tax related to Assets and Liabilities arising from a Single Transaction (Amendments to SFRS(I) 1-12)*

4 Revenue

| | Group | |
|---|--------|------------|
| | 2021 | 2020 |
| | \$'000 | \$'000 |
| | | (Restated) |
| Rendering of cord blood, cord lining and cord tissue banking services | 44,777 | 47,842 |
| Finance income on contract assets | 8,188 | 8,371 |
| Rendering of other services | 3,704 | 2,774 |
| | 56,669 | 58,987 |

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.

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2021

4 Revenue (cont'd)

Rendering of cord blood, cord lining and cord tissue banking services: processing revenue

| | |
|---------------------------------|--|
| Nature of goods or services | Collection, processing and testing of the cord blood, cord lining and cord tissue sample. |
| When revenue is recognised | Revenue is recognised upon completion of processing of the cord blood, cord lining and cord tissue sample. |
| Significant payment terms | Deferred payment plans that include annual instalments over 18 to 21 years or full upfront payment upon contract signing or client delivery. Deferred payment plans have been determined to include a significant financing component. No significant financing component is recognised for upfront payments plans as these terms are designed for reasons other than provision of financing to the Group. |
| Obligations for refunds, if any | Refunds will be provided if no collection is done. |
| Obligations for warranties | Nil |

Rendering of cord blood, cord lining and cord tissue banking services: storage revenue

| | |
|---------------------------------|--|
| Nature of goods or services | 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 or full upfront payment upon contract signing or client delivery. Deferred payment plans have been determined to include a significant financing component. No significant financing component is recognised for upfront payments plans as these terms are designed for reasons other than provision of financing to the Group. |
| Obligations for refunds, if any | For full upfront payments, customers are entitled to refunds on the prepaid storage component that has not been fulfilled, if the contract is terminated in accordance with the terms of the contract. |
| Obligations for warranties | Nil |

Contract balances

| | Note | Group | | Company | |
|------------------------------------|------|----------------|----------------|----------------|----------------|
| | | 2021 \$'000 | 2020 \$'000 | 2021 \$'000 | 2020 \$'000 |
| Trade receivables | 15 | 23,961 | 23,391 | 10,842 | 9,726 |
| Contract assets | | 66,573 | 68,247 | 42,211 | 44,098 |
| Contract liabilities – current | | 9,026 | 7,792 | 4,019 | 3,876 |
| Contract liabilities – non-current | | 67,108 | 62,659 | 15,668 | 15,310 |

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

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

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2021

4 Revenue (cont'd)

Contract balances (cont'd)

Significant changes in the contract assets and the contract liabilities balances during the year are as follows:

| | Contract assets | | Contract liabilities | |
|---|-----------------|----------------|----------------------|----------------|
| | 2021 \$'000 | 2020 \$'000 | 2021 \$'000 | 2020 \$'000 |
| Revenue recognised that was included in the contract liabilities balance at the beginning of the year | - | - | 7,792 | 5,924 |
| Increases due to cash received, excluding amounts recognised as revenue during the year | - | - | (5,569) | (6,351) |
| Increase due to revenue recognition and invoicing | 1,701 | 1,833 | - | - |
| Impairment loss on contract assets | (263) | (335) | - | - |

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

Transaction price allocated to the remaining performance obligations

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

| | 2022-2026 \$'000 | 2027-2031 \$'000 | 2032-2036 \$'000 | 2037-2041 \$'000 | >2042 \$'000 | Total \$'000 |
|--|---------------------|---------------------|---------------------|---------------------|-----------------|-----------------|
| 2021 | | | | | | |
| Rendering of cord blood, cord lining and cord tissue banking services: storage revenue | 47,855 | 39,120 | 23,389 | 8,610 | 7,616 | 126,590 |
| | 2021-2025 \$'000 | 2026-2030 \$'000 | 2031-2035 \$'000 | 2036-2040 \$'000 | >2041 \$'000 | Total \$'000 |
| 2020 | | | | | | |
| Rendering of cord blood, cord lining and cord tissue banking services: storage revenue | 47,975 | 40,485 | 24,485 | 8,526 | 5,713 | 127,184 |

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

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

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2021

5 Other operating income

| | Group | |
|--|----------------|----------------|
| | 2021 \$'000 | 2020 \$'000 |
| Rental income | 111 | 96 |
| Gain on disposal of property, plant and equipment and investment properties, net | 24 | 5 |
| Fair value (loss)/gain on short-term investments | (282) | 141 |
| Grant income* | 507 | 2,260 |
| Others | 466 | 405 |
| | 826 | 2,907 |

* In FY2021, the Group recognised grant income of \$325,000 (2020: \$2,097,000) relating to government financial support schemes provided during the COVID-19 pandemic.

6 Finance income and finance costs

| | Group | |
|---|----------------|----------------|
| | 2021 \$'000 | 2020 \$'000 |
| Interest income from fixed deposits | 1,440 | 1,348 |
| Interest income from short-term and long-term investments | 827 | 880 |
| Finance income | 2,267 | 2,228 |
| Interest expense on interest-bearing borrowings | (35) | (147) |
| Interest expense on lease liabilities | (165) | (194) |
| Finance costs | (200) | (341) |
| Net finance income | 2,067 | 1,887 |

7 Profit for the year

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

| | Note | Group | |
|--|-------|----------------|----------------|
| | | 2021 \$'000 | 2020 \$'000 |
| Employee benefits expense | 29 | 21,433 | 22,404 |
| Audit fees paid to auditors of the Company | | 492 | 451 |
| Non-audit fees paid to auditors of the Company | | 40 | 45 |
| Depreciation of property, plant and equipment | 11 | 2,636 | 2,913 |
| Amortisation of intangible assets | 13 | 936 | 1,230 |
| Impairment loss on trade receivables, net | 31(i) | 1,515 | 1,562 |
| Impairment loss on non-trade receivables | 16 | – | 255 |
| Bad debts written off | | 45 | – |

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2021

8 Tax expense

| | Group | |
|---|--------|---------|
| | 2021 | 2020 |
| | \$'000 | \$'000 |
| Current tax expense | | |
| Current year | 1,475 | 2,677 |
| Over-provision in respect of previous years | (240) | (27) |
| | 1,235 | 2,650 |
| Deferred tax expense | | |
| Movement of temporary differences | (361) | (1,649) |
| | 874 | 1,001 |
| Reconciliation of effective tax rate | | |
| Profit before income tax | 7,009 | 7,551 |
| Tax using the Singapore tax rate of 17% (2020: 17%) | 1,192 | 1,284 |
| Effect of tax rates in foreign jurisdictions | 135 | 97 |
| Deferred tax assets not recognised | 40 | 143 |
| Non-deductible expenses | 520 | 549 |
| Tax-exempt income | (345) | (587) |
| Recognition of tax effect of previously unrecognised tax losses | (427) | (414) |
| Effect of partial tax exemption | (17) | (17) |
| Over-provision in respect of previous years | (240) | (27) |
| Others | 16 | (27) |
| | 874 | 1,001 |

9 Earnings per share

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

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

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

| | Group | |
|---|---------|---------|
| | 2021 | 2020 |
| | \$'000 | \$'000 |
| Profit for the financial year attributable to owners of the Company | 6,135 | 6,547 |
| | '000 | '000 |
| Weighted-average number of ordinary shares for basic earnings per share computation | 255,095 | 254,311 |
| Effects of dilution – share grants | 1,137 | 2,059 |
| Weighted-average number of ordinary shares for diluted earnings per share computation | 256,232 | 256,370 |

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2021

10 Investment in associate

| | Group | |
|--|----------------|----------------|
| | 2021 \$'000 | 2020 \$'000 |
| Shares, at cost | 316 | 316 |
| Share of post-acquisition results of associate | 654 | 306 |
| Other comprehensive income | 136 | 147 |
| | <u>1,106</u> | <u>769</u> |

Details of the associated company is as follows:

| Name of company | Principal place of business/country of incorporation | Principal activity | Proportion of ownership interest | |
|-------------------------------------|--|--------------------------------|-------------------------------------|-----------|
| | | | 2021 % | 2020 % |
| <i>Held by Stemlife Berhad</i> | | | | |
| Thai Stemlife Co., Ltd ¹ | Thailand | Cord blood banking services | 39.61 | 39.61 |

¹ Audited by KPMG Phoomchai Audit Ltd

Investment in associate comprises of a 39.61% stake in Thai Stemlife Co., Ltd ("TSL") through Stemlife Berhad.

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2021

10 Investment in associate (cont'd)

The summarised financial information of the associated company is as follows:-

| | Group | |
|--|----------------|----------------|
| | 2021 \$'000 | 2020 \$'000 |
| Revenue | | |
| - for the financial year | 4,536 | 4,090 |
| - previously not equity-accounted for | - | 14,161 |
| Total revenue | 4,536 | 18,251 |
| Net profit | | |
| - for the financial year | 1,080 | 513 |
| - previously not equity-accounted for | - | 407 |
| Other comprehensive (loss)/income | | |
| - for the financial year | - | (28) |
| - previously not equity-accounted for | - | 396 |
| Total comprehensive income attributable to associate's shareholders | 1,080 | 1,288 |
| Non-current assets | 1,581 | 1,446 |
| Current assets | 3,766 | 3,325 |
| Non-current liabilities | (1,732) | (148) |
| Current liabilities | (850) | (2,701) |
| Net assets | 2,765 | 1,922 |
| Carrying amount of interest in associate at beginning of the year | 769 | - |
| Reversal of impairment of investment in associate | - | 386 |
| Group's share of: | | |
| - profit for the year | 432 | 205 |
| - profit previously not equity-accounted for | - | 162 |
| Other comprehensive (loss)/income | (11) | 147 |
| Dividend received during the year | (84) | (131) |
| Carrying amount of interest in associate at end of the year | 1,106 | 769 |

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2021

11 Property, plant and equipment

| | Furniture and fittings \$'000 | Laboratory equipment \$'000 | Office equipment \$'000 | Motor vehicles \$'000 | Leasehold improvement \$'000 | Buildings \$'000 | Construction- in-progress \$'000 | Total \$'000 |
|--|-------------------------------------|-----------------------------------|-------------------------------|-----------------------------|------------------------------------|---------------------|--|-----------------|
| Group | | | | | | | | |
| Cost | | | | | | | | |
| At 1 January 2020 | 1,178 | 10,154 | 3,604 | 197 | 4,949 | 15,297 | 198 | 35,577 |
| Additions | 48 | 192 | 584 | 60 | 23 | 2,241 | 428 | 3,576 |
| Disposals | (2) | (100) | (367) | (51) | – | (100) | – | (620) |
| Transfer from construction-in-progress | – | 351 | 43 | – | – | 17 | (411) | – |
| Exchange rate adjustments | (16) | (57) | (51) | (1) | (49) | (164) | (9) | (347) |
| At 31 December 2020 | 1,208 | 10,540 | 3,813 | 205 | 4,923 | 17,291 | 206 | 38,186 |
| At 1 January 2021 | 1,208 | 10,540 | 3,813 | 205 | 4,923 | 17,291 | 206 | 38,186 |
| Additions | 85 | 439 | 340 | – | 50 | 1,307 | 478 | 2,699 |
| Disposals | (10) | (6) | (432) | – | – | (136) | (1) | (585) |
| Transfer from construction-in-progress | – | 151 | 89 | – | – | – | (240) | – |
| Exchange rate adjustments | 7 | 17 | (4) | – | 28 | (3) | 53 | 98 |
| At 31 December 2021 | 1,290 | 11,141 | 3,806 | 205 | 5,001 | 18,459 | 496 | 40,398 |
| Accumulated depreciation | | | | | | | | |
| At 1 January 2020 | 1,047 | 8,201 | 2,804 | 130 | 4,577 | 2,724 | – | 19,483 |
| Depreciation charge for the year | 172 | 674 | 395 | 41 | 107 | 1,524 | – | 2,913 |
| Disposals | (1) | (100) | (170) | (51) | – | (100) | – | (422) |
| Exchange rate adjustments | (14) | (89) | (42) | 1 | (43) | (26) | – | (213) |
| At 31 December 2020 | 1,204 | 8,686 | 2,987 | 121 | 4,641 | 4,122 | – | 21,761 |
| At 1 January 2021 | 1,204 | 8,686 | 2,987 | 121 | 4,641 | 4,122 | – | 21,761 |
| Depreciation charge for the year | 30 | 445 | 424 | 38 | 101 | 1,598 | – | 2,636 |
| Disposals | (10) | (6) | (430) | – | – | – | – | (446) |
| Exchange rate adjustments | 7 | 16 | (3) | (1) | 27 | (2) | – | 44 |
| At 31 December 2021 | 1,231 | 9,141 | 2,978 | 158 | 4,769 | 5,718 | – | 23,995 |
| Carrying amounts | | | | | | | | |
| At 1 January 2020 | 131 | 1,953 | 800 | 67 | 372 | 12,573 | 198 | 16,094 |
| At 31 December 2020 | 4 | 1,854 | 826 | 84 | 282 | 13,169 | 206 | 16,425 |
| At 31 December 2021 | 59 | 2,000 | 828 | 47 | 232 | 12,741 | 496 | 16,403 |

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2021

11 Property, plant and equipment (cont'd)

| Company | Furniture and fittings \$'000 | Laboratory equipment \$'000 | Office equipment \$'000 | Leasehold improvement \$'000 | Buildings \$'000 | Construction- in-progress \$'000 | Total \$'000 |
|--|-------------------------------------|-----------------------------------|-------------------------------|------------------------------------|---------------------|--|-----------------|
| Cost | | | | | | | |
| At 1 January 2020 | 438 | 1,986 | 1,318 | 841 | 7,238 | – | 11,821 |
| Additions | 8 | 29 | 402 | 18 | 73 | – | 530 |
| Disposals | (1) | – | (292) | – | (87) | – | (380) |
| At 31 December 2020 | 445 | 2,015 | 1,428 | 859 | 7,224 | – | 11,971 |
| At 1 January 2021 | 445 | 2,015 | 1,428 | 859 | 7,224 | – | 11,971 |
| Additions | – | 174 | 80 | 2 | – | 39 | 295 |
| Derecognition of rights-of- use asset | – | – | – | – | (74) | – | (74) |
| At 31 December 2021 | 445 | 2,189 | 1,508 | 861 | 7,150 | 39 | 12,192 |
| Accumulated depreciation | | | | | | | |
| At 1 January 2020 | 412 | 1,692 | 912 | 753 | 805 | – | 4,574 |
| Depreciation charge for the year | 12 | 108 | 161 | 38 | 352 | – | 671 |
| Disposals | – | – | (97) | – | (87) | – | (184) |
| At 31 December 2020 | 424 | 1,800 | 976 | 791 | 1,070 | – | 5,061 |
| At 1 January 2021 | 424 | 1,800 | 976 | 791 | 1,070 | – | 5,061 |
| Depreciation charge for the year | 10 | 70 | 175 | 24 | 294 | – | 573 |
| At 31 December 2021 | 434 | 1,870 | 1,151 | 815 | 1,364 | – | 5,634 |
| Carrying amounts | | | | | | | |
| At 1 January 2020 | 26 | 294 | 406 | 88 | 6,433 | – | 7,247 |
| At 31 December 2020 | 21 | 215 | 452 | 68 | 6,154 | – | 6,910 |
| At 31 December 2021 | 11 | 319 | 357 | 46 | 5,786 | 39 | 6,558 |

The Group's and the Company's leasehold building with a carrying amount of \$Nil (2020: \$6,154,000) were mortgaged to secure the Group's and the Company's interest-bearing borrowings (Note 22).

Property, plant and equipment includes right-of-use assets of \$3,747,000 (2020: \$3,856,000) (Note 27).

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2021

12 Investment properties

| Note | Group | | Company | |
|--|----------------|----------------|----------------|----------------|
| | 2021 \$'000 | 2020 \$'000 | 2021 \$'000 | 2020 \$'000 |
| Statements of financial position: | | | | |
| At 1 January | 7,531 | 7,730 | 2,305 | 2,325 |
| Disposal | (4,131) | – | (560) | – |
| Change in fair value | 179 | (194) | 103 | (20) |
| Exchange rate adjustments | (66) | (5) | – | – |
| At 31 December | <u>3,513</u> | <u>7,531</u> | <u>1,848</u> | <u>2,305</u> |
| Statement of comprehensive income: | | | | |
| <i>Rental income from investment properties:</i> | | | | |
| Minimum lease payments | <u>111</u> | <u>96</u> | <u>84</u> | <u>91</u> |
| <i>Direct operating expenses arising from:</i> | | | | |
| Rental generating properties | 29 | 31 | 19 | 30 |
| Non-rental generating properties | <u>18</u> | <u>29</u> | <u>–</u> | <u>–</u> |

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

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

Investment properties amounting to \$Nil (2020: \$2,305,000) were mortgaged to secure the Group's and the Company's interest-bearing borrowings (Note 22).

The investment properties held by the Group and the Company as at 31 December 2021 are as follows:

| Description and location | Tenure | Lease term |
|--|-----------|------------|
| Group | | |
| 3 office units, A'Posh Bizhub 1 Yishun Industrial Street 1, Singapore | Leasehold | 60 years |
| Unit 6.06, Wisma Perintis, Jalan Dungun, Damansara Heights, 50490 Kuala Lumpur | Freehold | Freehold |
| B-1-8, Greentown Square, Jalan Dato Seri Ahmad Said, 30450 Ipoh, Perak | Leasehold | 99 years |
| No. 220, Jalan Burma, 10350 Penang | Freehold | Freehold |
| B-2-8, Greentown Square, Jalan Dato Seri Ahmad Said, 30450 Ipoh, Perak | Leasehold | 99 years |
| B-3-8, Greentown Square, Jalan Dato Seri Ahmad Said, 30450 Ipoh, Perak | Leasehold | 99 years |
| Company | | |
| 3 office units, A'Posh Bizhub 1 Yishun Industrial Street 1, Singapore | Leasehold | 60 years |

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2021

12 Investment properties (cont'd)

(i) Fair value hierarchy

Investment properties are stated at fair value, which has been determined based on valuations performed as at the reporting date. The valuations are performed by PREMAS Valuers & Property Consultants Pte Ltd and VPC Alliance (KL) Sdn. Bhd., who are independent valuers with recognised and relevant professional qualifications and with recent experiences in the location and category of the properties being valued. The valuations are based on comparable market transactions that consider the sales of similar properties that have been transacted in the open market. The fair value measurement for all investment properties has been categorised as a Level 3 fair value.

| | Group | | Company | |
|---|----------------|----------------|----------------|----------------|
| | 2021 \$'000 | 2020 \$'000 | 2021 \$'000 | 2020 \$'000 |
| Fair value of investment property (based on valuation report) | 3,513 | 7,531 | 1,848 | 2,305 |
| Add: Carrying amount of lease liabilities | – | – | – | – |
| Carrying amount of investment property | 3,513 | 7,531 | 1,848 | 2,305 |

(ii) Valuation technique and significant unobservable inputs

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

Valuation technique

Direct comparison method

Significant unobservable inputs

Not applicable

13 Intangible assets

| | Customer contracts \$'000 | Brand \$'000 | Goodwill \$'000 | Computer software \$'000 | Licence \$'000 | Trademark \$'000 | Work-in-progress \$'000 | Total \$'000 |
|---------------------------|------------------------------|-----------------|--------------------|-----------------------------|-------------------|---------------------|----------------------------|-----------------|
| Group | | | | | | | | |
| Cost | | | | | | | | |
| At 1 January 2020 | 2,794 | 3,898 | 27,735 | 3,785 | 860 | 97 | 896 | 40,065 |
| Additions | – | – | – | 114 | – | – | 118 | 232 |
| Disposals | – | – | – | – | – | – | (103) | (103) |
| Transfer from WIP | – | – | – | 135 | – | – | (132) | 3 |
| Exchange rate adjustments | (1) | (28) | (323) | (26) | – | – | – | (378) |
| At 31 December 2020 | 2,793 | 3,870 | 27,412 | 4,008 | 860 | 97 | 779 | 39,819 |
| At 1 January 2021 | 2,793 | 3,870 | 27,412 | 4,008 | 860 | 97 | 779 | 39,819 |
| Additions | – | – | – | 104 | – | 20 | 251 | 375 |
| Transfer from WIP | – | – | – | 334 | – | – | (334) | – |
| Exchange rate adjustments | (14) | 3 | 206 | 2 | – | – | (79) | 118 |
| At 31 December 2021 | 2,779 | 3,873 | 27,618 | 4,448 | 860 | 117 | 617 | 40,312 |

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2021

13 Intangible assets (cont'd)

| | Customer contracts \$'000 | Brand \$'000 | Goodwill \$'000 | Computer software \$'000 | Licence \$'000 | Trademark \$'000 | Work-in-progress \$'000 | Total \$'000 |
|---------------------------------|------------------------------|-----------------|--------------------|-----------------------------|-------------------|---------------------|----------------------------|-----------------|
| Group | | | | | | | | |
| Accumulated amortisation | | | | | | | | |
| At 1 January 2020 | 1,508 | 1,383 | – | 2,854 | 860 | 50 | – | 6,655 |
| Amortisation for the year | 218 | 386 | – | 616 | – | 10 | – | 1,230 |
| Exchange rate adjustments | (1) | (18) | – | (19) | – | – | – | (38) |
| At 31 December 2020 | 1,725 | 1,751 | – | 3,451 | 860 | 60 | – | 7,847 |
| At 1 January 2021 | 1,725 | 1,751 | – | 3,451 | 860 | 60 | – | 7,847 |
| Amortisation for the year | 217 | 335 | – | 373 | – | 11 | – | 936 |
| Exchange rate adjustments | (10) | (2) | – | 2 | – | – | – | (10) |
| At 31 December 2021 | 1,932 | 2,084 | – | 3,826 | 860 | 71 | – | 8,773 |
| Carrying amounts | | | | | | | | |
| At 1 January 2020 | 1,286 | 2,515 | 27,735 | 931 | – | 47 | 896 | 33,410 |
| At 31 December 2020 | 1,068 | 2,119 | 27,412 | 557 | – | 37 | 779 | 31,972 |
| At 31 December 2021 | 847 | 1,789 | 27,618 | 622 | – | 46 | 617 | 31,539 |

Customer contracts

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

Brand

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

Amortisation expense

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

Impairment testing for CGUs containing goodwill

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

| | Group | |
|--|----------------|----------------|
| | 2021 \$'000 | 2020 \$'000 |
| Business operations in Malaysia – Stemlife Berhad | 7,466 | 7,580 |
| Business operations in Hong Kong – Healthbaby and Cordlife Hong Kong | 20,152 | 19,832 |
| | 27,618 | 27,412 |

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2021

13 Intangible assets (cont'd)

Impairment testing for CGUs containing goodwill (cont'd)

Stemlife Berhad

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

| | 2021 | 2020 |
|---|-------|-------|
| Discount rate | 12.5% | 12.5% |
| Terminal growth rate | 1.0% | 1.0% |
| Revenue growth rates (average of next five years) | 10.9% | 9.4% |

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

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

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

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

Healthbaby and Cordlife Hong Kong

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

| | 2021 | 2020 |
|---|------|------|
| Discount rate | 9.0% | 9.0% |
| Terminal growth rate | 1.0% | 1.0% |
| Revenue growth rates (average of next five years) | 6.2% | 8.1% |

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

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

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

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2021

13 Intangible assets (cont'd)

Impairment testing for CGUs containing goodwill (cont'd)

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

During the financial year, no impairment loss was recognised (2020: \$Nil).

| Company | Computer software \$'000 | Trademark \$'000 | Work-in-progress \$'000 | Total \$'000 |
|---------------------------------|-----------------------------|---------------------|----------------------------|-----------------|
| Cost | | | | |
| At 1 January 2020 | 2,224 | 97 | 405 | 2,726 |
| Additions | 56 | – | 118 | 174 |
| Disposals | – | – | (103) | (103) |
| Transfer from WIP | 132 | – | (132) | – |
| At 31 December 2020 | 2,412 | 97 | 288 | 2,797 |
| At 1 January 2021 | 2,412 | 97 | 288 | 2,797 |
| Additions | – | 20 | 251 | 271 |
| Transfer from WIP | 22 | – | (22) | – |
| At 31 December 2021 | 2,434 | 117 | 517 | 3,068 |
| Accumulated amortisation | | | | |
| At 1 January 2020 | 1,753 | 54 | – | 1,807 |
| Amortisation for the year | 364 | 10 | – | 374 |
| At 31 December 2020 | 2,117 | 64 | – | 2,181 |
| At 1 January 2021 | 2,117 | 64 | – | 2,181 |
| Amortisation for the year | 146 | 11 | – | 157 |
| At 31 December 2021 | 2,263 | 75 | – | 2,338 |
| Carrying amounts | | | | |
| At 1 January 2020 | 471 | 43 | 405 | 919 |
| At 31 December 2020 | 295 | 33 | 288 | 616 |
| At 31 December 2021 | 171 | 42 | 517 | 730 |

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2021

14 Investments

| | Group | | Company | |
|--|----------------|----------------|----------------|----------------|
| | 2021 \$'000 | 2020 \$'000 | 2021 \$'000 | 2020 \$'000 |
| Non-current | | | | |
| Designated at fair value | | | | |
| – Unquoted non-equity investments ⁽¹⁾ | 4,357 | – | 4,357 | – |
| | <u>4,357</u> | <u>–</u> | <u>4,357</u> | <u>–</u> |
| Current | | | | |
| Designated at fair value | | | | |
| – Unquoted non-equity investments ⁽¹⁾ | – | 4,491 | – | 4,491 |
| Mandatorily at FVTPL | | | | |
| – Unquoted non-equity investments ⁽²⁾ | 15,411 | 15,330 | – | – |
| | <u>15,411</u> | <u>19,821</u> | <u>–</u> | <u>4,491</u> |

⁽¹⁾ In the financial year ended 30 June 2016, the Group subscribed for a Class A Redeemable Convertible Note (“RCN”) in the principal amount of \$4,200,000 from CellResearch Corporation Pte. Ltd. (“CRC”). The RCN bears interest rate of 3-month SIBOR plus 7% per annum payable annually in arrears. The RCN is classified as an unquoted non-equity investment, which is carried at fair value through profit or loss. The previous supplemental agreement, which was valid from 1 July 2019 to 30 June 2021, had matured. In July 2021, the Group had signed a new supplemental agreement to extend the RCN for another 2 years to June 2023 on the same terms. As of 31 December 2021, the RCN was classified as non-current investment.

⁽²⁾ The Group’s unquoted non-equity investments comprise investments in money market funds.

15 Trade receivables

| | Group | | Company | |
|-----------------------|----------------|----------------|----------------|----------------|
| | 2021 \$'000 | 2020 \$'000 | 2021 \$'000 | 2020 \$'000 |
| Current | | | | |
| Trade receivables | 30,255 | 28,530 | 12,105 | 10,936 |
| Less: Impairment loss | (6,294) | (5,139) | (1,263) | (1,210) |
| | <u>23,961</u> | <u>23,391</u> | <u>10,842</u> | <u>9,726</u> |

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

The Company’s current trade receivables were pledged to secure the Group’s and the Company’s interest-bearing borrowings (Note 22).

The Group and the Company’s exposure to credit and currency risks, and impairment losses for trade and other receivables, are disclosed in Note 31.

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2021

16 Other receivables

| | Group | | Company | |
|---------------------|----------------|----------------|----------------|----------------|
| | 2021 \$'000 | 2020 \$'000 | 2021 \$'000 | 2020 \$'000 |
| Non-current | | | | |
| Other receivables | - | 1 | - | 1 |
| Current | | | | |
| Interest receivable | 1,146 | 1,026 | 2 | - |
| GST receivable | 224 | 495 | 182 | 101 |
| Advances | 29 | 107 | - | 2 |
| Other receivables* | 3,743 | 953 | 359 | 337 |
| Deposits | 318 | 534 | 153 | 85 |
| | 5,460 | 3,115 | 696 | 525 |

* In 2021, other receivables includes a receivable of \$2,767,000 for the sale of investment property (2020: \$Nil).

In 2020, the Group recognised an impairment loss on other receivables due from a third party in its India subsidiary of approximately \$255,000. There were no such impairment losses recognised in 2021.

17 Inventories

| | Group | | Company | |
|----------------------|----------------|----------------|----------------|----------------|
| | 2021 \$'000 | 2020 \$'000 | 2021 \$'000 | 2020 \$'000 |
| Consumables, at cost | 1,428 | 1,659 | 283 | 381 |

Inventories recognised as an expense in cost of sales amount to \$3,807,000 (2020: \$3,565,000).

18 Amounts owing by/(to) subsidiaries

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

Non-current amounts owing to subsidiaries are non-trade related, unsecured, interest-free and are not contractually repayable within the next twelve months.

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

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2021

19 Fixed deposits

| | Group | | Company | |
|--------------------------|----------------|----------------|----------------|----------------|
| | 2021 \$'000 | 2020 \$'000 | 2021 \$'000 | 2020 \$'000 |
| Non-current | | | | |
| Unpledged fixed deposits | 9,731 | 3,244 | – | – |
| Current | | | | |
| Unpledged fixed deposits | 33,760 | 16,113 | 8,268 | – |
| Pledged fixed deposits | 257 | 10,086 | – | – |

As at the reporting date 31 December 2021, the Group's non-current unpledged fixed deposits will mature between 1 to 2 years (2020: 1 to 2 years) and bear interest at an effective rate of 4.2% to 5.4% (2020: 6.4% to 6.9%). The Group's current unpledged fixed deposits will mature within 10 months (2020: 1 to 12 months) and bear interest at an effective rate of 0.1% to 6.9% (2020: 1.6% to 7.5%) per annum.

Pledged fixed deposits, which will mature within 5 months (2020: 6 months) and bear interest at an effective rate of 0.2% (2020: 1.6%) per annum. As at 31 December 2021, the pledged fixed deposits are pledged for a banker's guarantee issued for an office lease (2020: pledged for a banker's guarantee issued for an office lease and a short-term loan facility which gives the Company a drawdown limit of \$9.0 million).

20 Cash and cash equivalents

| | Group | | Company | |
|--------------------------|----------------|----------------|----------------|----------------|
| | 2021 \$'000 | 2020 \$'000 | 2021 \$'000 | 2020 \$'000 |
| Cash at bank and on hand | 15,458 | 25,938 | 3,438 | 11,509 |

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

| | Group | | Company | |
|----------------------|----------------|----------------|----------------|----------------|
| | 2021 \$'000 | 2020 \$'000 | 2021 \$'000 | 2020 \$'000 |
| Singapore Dollar | 181 | 142 | – | – |
| Malaysian Ringgit | 232 | 233 | 232 | 233 |
| Swiss Franc | 3 | 3 | 2 | 2 |
| United States Dollar | 71 | 1,715 | 71 | 1,715 |
| Australian Dollar | 2 | 2 | 2 | 2 |

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

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2021

21 Trade and other payables

| | Group | | Company | |
|----------------------------------|----------------|----------------|----------------|----------------|
| | 2021 \$'000 | 2020 \$'000 | 2021 \$'000 | 2020 \$'000 |
| Current | | | | |
| Trade payables | 2,892 | 4,647 | 82 | 66 |
| Other payables | 3,604 | 4,397 | 1,881 | 1,385 |
| Accrued expenses | 3,208 | 2,645 | 1,031 | 1,134 |
| Accrual for salaries and bonuses | 1,719 | 2,562 | 1,437 | 1,619 |
| | <u>11,423</u> | <u>14,251</u> | <u>4,431</u> | <u>4,204</u> |
| Non-current | | | | |
| Other payables | <u>662</u> | <u>543</u> | <u>-</u> | <u>-</u> |

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

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

22 Interest-bearing borrowings

| | Group and Company | |
|---|-------------------|----------------|
| | 2021 \$'000 | 2020 \$'000 |
| Non-current | | |
| Non-current portion of long-term loans: | | |
| Loan I – secured | <u>-</u> | <u>3,678</u> |
| Current | | |
| Current portion of long-term loans: | | |
| Loan I – secured | <u>-</u> | <u>310</u> |

Loan I comprised of a SGD bank loan drawn down on 1 July 2011 under an approved \$6,450,000 loan facility secured by a first mortgage over the Group's leasehold building (Note 11) and investment properties (Note 12) and a charge over all current trade receivables of the Company (Note 15). With effect from 10 June 2014, interest rate has been revised to prevailing Enterprise Financing Rate ("EFR") - 4.0%, EFR - 3.7%, and EFR - 3.3% for the first, second and third years respectively, and 3% + 3-month SIBOR thereafter. The loan was repayable over 240 monthly instalments and was scheduled to be fully repaid in June 2031. The Group has fully redeemed the loan in March 2021.

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

| | Interest-bearing borrowings | |
|--------------------------------------|-----------------------------|----------------|
| | 2021 \$'000 | 2020 \$'000 |
| Balance at the beginning of the year | 3,988 | 4,298 |
| Changes from financing cash flows | | |
| Repayment of borrowings | <u>(3,988)</u> | <u>(310)</u> |
| Balance at the end of the year | <u>-</u> | <u>3,988</u> |

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2021

23 Deferred tax assets/liabilities

| | Group | | | | Company | |
|--|---------------------------------|--------|------------------------------|----------------|---------------------------------|--------|
| | Statement of financial position | | Recognised in profit or loss | | Statement of financial position | |
| | 2021 | 2020 | 2021 | 2020 | 2021 | 2020 |
| | \$'000 | \$'000 | \$'000 | \$'000 | \$'000 | \$'000 |
| Deferred tax liabilities | | | | | | |
| Differences in depreciation for tax purposes | 147 | 381 | (233) | (34) | 15 | 15 |
| Fair value adjustment on acquisition of subsidiary | 4,024 | 4,387 | (382) | (433) | - | - |
| | 4,171 | 4,768 | | | 15 | 15 |
| Set off tax | - | (143) | - | - | - | - |
| | 4,171 | 4,625 | | | 15 | 15 |
| Deferred tax assets | | | | | | |
| Unutilised tax losses | 672 | 1,182 | 254 | (1,182) | - | - |
| Differences in depreciation for tax purposes | - | 100 | - | - | - | - |
| | 672 | 1,282 | | | - | - |
| Set off tax | - | (143) | - | - | - | - |
| | 672 | 1,139 | | | - | - |
| Deferred tax expense | | | (361) | (1,649) | | |

Unrecognised tax losses

At the end of the reporting period, the Group has tax losses of approximately \$6,332,000 (2020: \$8,608,000) that are available for offset against future taxable profits of the subsidiaries in which the losses arose, for which no deferred tax asset is recognised due to uncertainty of its recoverability. The use of these tax losses is subject to the agreement of the tax authorities and compliance with certain provisions of the tax legislation of the respective countries in which the companies operate.

Unrecognised temporary differences relating to investments in subsidiaries

At the end of the reporting period, there are unrecognised temporary differences of \$16,488,000 (2020: \$14,941,000) relating to investments in subsidiaries.

Tax consequences of proposed dividends

There are no income tax consequences (2020: \$Nil) attached to the dividends to the shareholders proposed by the Company but not recognised as a liability in the financial statements (Note 34).

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2021

24 Share capital and treasury shares

(a) Share capital

| | Group and Company | | | |
|--|--------------------------|---------------|--------------------------|---------------|
| | 2021 | | 2020 | |
| | Number of shares '000 | \$'000 | Number of shares '000 | \$'000 |
| Issued and fully paid: | | | | |
| Ordinary shares | | | | |
| At the beginning of the year | 267,525 | 95,646 | 267,525 | 95,994 |
| Reissuance of treasury shares pursuant to equity compensation plan | – | (483) | – | (348) |
| At the end of the year | <u>267,525</u> | <u>95,163</u> | <u>267,525</u> | <u>95,646</u> |

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

(b) Treasury shares

| | Group and Company | | | |
|--|--------------------------|-----------------|--------------------------|-----------------|
| | 2021 | | 2020 | |
| | Number of shares '000 | \$'000 | Number of shares '000 | \$'000 |
| At the beginning of the year | (12,943) | (14,073) | (13,518) | (14,700) |
| Reissuance of treasury shares pursuant to equity compensation plan | 719 | 783 | 575 | 627 |
| At the end of the year | <u>(12,224)</u> | <u>(13,290)</u> | <u>(12,943)</u> | <u>(14,073)</u> |

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

25 Other reserves

Share-based compensation reserve

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

Capital reserve

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

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

Merger reserve

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

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2021

25 Other reserves (cont'd)

Acquisition reserve

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

Foreign currency translation reserve

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

26 Commitments

Capital commitments

The Group and the Company do not have capital commitments in respect of property, plant and equipment that are contracted for as at 31 December 2021 and 2020.

27 Leases

Leases as lessee

The Group leases office space under non-cancellable lease arrangements, which have remaining lease terms ranging from two months to seven years (2020: four months to six years). The leases have nominal interest rates ranging from 1.4% to 16.5% (2020: 1.7% to 16.5%). There are no renewal options and contingent rent provisions included in the contracts. The Group is restricted from subleasing the premises.

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

Right-of-use assets

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

| | Laboratory equipment \$'000 | Office equipment \$'000 | Buildings \$'000 | Total \$'000 |
|--------------------------------------|--|--|-----------------------------|-------------------------|
| Balance at 1 January 2020 | 120 | 231 | 2,558 | 2,909 |
| Additions to right-of-use assets | – | 295 | 2,139 | 2,434 |
| Depreciation charge for the year | (62) | (66) | (1,359) | (1,487) |
| Balance at 31 December 2020 | <u>58</u> | <u>460</u> | <u>3,338</u> | <u>3,856</u> |
| Balance at 1 January 2021 | 58 | 460 | 3,338 | 3,856 |
| Additions to right-of-use assets | 8 | 125 | 1,371 | 1,504 |
| Depreciation charge for the year | (39) | (99) | (1,401) | (1,539) |
| Derecognition of right-of-use assets | – | – | (74) | (74) |
| Balance at 31 December 2021 | <u>27</u> | <u>486</u> | <u>3,234</u> | <u>3,747</u> |

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2021

27 Leases

Leases as lessee (cont'd)

Amounts recognised in profit or loss

| | 2021 \$'000 | 2020 \$'000 |
|--|----------------|----------------|
| Interest on lease liabilities | 165 | 194 |
| Expenses relating to short-term leases | 524 | 370 |

Amounts recognised in statement of cash flows

| | Group | |
|-------------------------------|----------------|----------------|
| | 2021 \$'000 | 2020 \$'000 |
| Total cash outflow for leases | 2,413 | 1,254 |

Leases as lessor

The Group has entered into commercial property leases on its investment properties. These non-cancellable leases have remaining lease terms up to 24 months (2020: up to 24 months). There are no renewal options and contingent rent provisions included in the contracts. The lessees are restricted from subleasing the premises. The Group has classified these leases as operating leases, because they do not transfer substantially all of the risks and rewards incidental to the ownership of the assets.

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

| | Group \$'000 | Company \$'000 |
|---|-----------------|-------------------|
| 2021 | | |
| Within one year | 112 | 94 |
| After one year but not more than five years | 17 | – |
| | 129 | 94 |
| 2020 | | |
| Within one year | 113 | 84 |
| After one year but not more than five years | 43 | 43 |
| | 156 | 127 |

28 Investment in subsidiaries

| | Company | |
|---------------------------------|----------------|----------------|
| | 2021 \$'000 | 2020 \$'000 |
| Unquoted equity shares, at cost | 92,083 | 92,083 |
| Less: Impairment loss | (29,463) | (29,463) |
| | 62,620 | 62,620 |

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2021

28 Investment in subsidiaries (cont'd)

Management assessed the recoverable amount of the subsidiaries using the estimated fair value less costs to sell method. The Company recognised an impairment loss on investment in subsidiaries of \$Nil (2020: \$225,000) during the financial year.

| Name of Company | Principal activities | Country of incorporation | Percentage of equity held | |
|---|--|----------------------------|---------------------------|-----------|
| | | | 2021 % | 2020 % |
| Held by the Company | | | | |
| Cordlife (Hong Kong) Limited ¹ | Cord blood, cord lining and cord tissue banking and diagnostics services | Hong Kong | 100 | 100 |
| Cordlife Stem Cell Technology Limited ⁹ | Cord lining banking services | Hong Kong | 100 | 100 |
| Healthbaby Biotech (Hong Kong) Co., Limited ¹ | Cord blood, cord lining and cord tissue banking services | Hong Kong | 100 | 100 |
| Cordlife Technologies Pte. Ltd. ² | Cord lining banking and diagnostics services | Singapore | 100 | 100 |
| CS Cell Technologies Pte. Ltd. ² | Investment holding | Singapore | 100 | 100 |
| Stemlife Berhad ³ | Cord blood banking services | Malaysia | 99.03 | 99.03 |
| Shanghai Cordlife Biomedical Research Co., Ltd ⁴ | Dormant | People's Republic of China | 100 | 100 |
| Held by CS Cell Technologies Pte Ltd | | | | |
| Cordlife Sciences (India) Pvt. Ltd. ⁵ | Cord blood, cord lining and cord tissue banking and diagnostics services | India | 99.99 | 99.99 |
| Cordlife Medical Phils., Inc ⁶ | Cord blood, cord lining and cord tissue banking and diagnostics services | Philippines | 99.99 | 99.99 |
| PT. Cordlife Persada ⁷ | Cord blood, cord lining and cord tissue banking and diagnostics services | Indonesia | 67 | 67 |
| Held by Cordlife Stem Cell Technology Limited | | | | |
| Hong Kong Screening Centre Limited ⁹ | Dormant | Hong Kong | 100 | 67 |
| Held by Stemlife Berhad | | | | |
| Stemlife Properties Sdn. Bhd. ³ | Property investment company | Malaysia | 99.03 | 99.03 |
| Stemlife Therapeutics Sdn. Bhd. ³ | Cord lining and cord tissue banking services | Malaysia | 99.03 | 99.03 |
| SL Diagnostics Sdn. Bhd. (struck off on 9 February 2021) | Dormant | Malaysia | – | 99.03 |
| Stemlife Biotechnology Sdn. Bhd. ³ | Medical laboratory and diagnostic services and general medical screening tests | Malaysia | 99.03 | 99.03 |
| Stemlife Pte. Ltd. (struck off on 6 January 2020) | Management services | Singapore | – | – |

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2021

28 Investment in subsidiaries (cont'd)

| Name of Company | Principal activities | Country of incorporation | Percentage of equity held | |
|-----------------|----------------------|--------------------------|---------------------------|-----------|
| | | | 2021 % | 2020 % |

Held by Healthbaby Biotech (Hong Kong) Co., Limited

| | | | | |
|--|---------------------------------|-------|----|----|
| Healthbaby Biotech (Macau) Co., Limited ⁸ | Provision of marketing services | Macau | 99 | 99 |
|--|---------------------------------|-------|----|----|

Held by Cordlife (Hong Kong) Limited

| | | | | |
|--|---------------------------------|-------|---|---|
| Healthbaby Biotech (Macau) Co., Limited ⁸ | Provision of marketing services | Macau | 1 | 1 |
|--|---------------------------------|-------|---|---|

¹ Audited by KPMG, Hong Kong

² Audited by KPMG, Singapore

³ Audited by KPMG, Kuala Lumpur

⁴ Audited by Shanghai Xinyi Certified Public Accountants Co. Ltd

⁵ Audited by KPMG, India

⁶ Audited by JFBalindan & Co., CPAs

⁷ Audited by Gani Sigiro & Handayani

⁸ Audited by Keng Ou CPAs

⁹ Audited by Li, Tang, Chen & Co.

Acquisition of non-controlling interest in subsidiary

On 11 June 2021, the Group's wholly-owned subsidiary, Cordlife Stem Cell Technology Limited acquired 660,000 ordinary shares in Hong Kong Screening Centre Limited ("HKSC") from Navigene Genetic Science Pvt. Ltd, representing approximately 33.0% of all the issued ordinary shares of HKSC for HK\$329,776 (approximately \$57,000). As a result of the acquisition, the carrying value of the non-controlling interest being approximately \$134,000 was reversed, and the difference between the consideration and the carrying value of the non-controlling interest, being \$191,000, was recognised in acquisition reserve under other reserve. The subsidiary is now a wholly owned subsidiary as at 31 December 2021.

29 Employee benefits expense

| | Group | |
|--|----------------|----------------|
| | 2021 \$'000 | 2020 \$'000 |
| Salaries, bonuses and other short-term benefits | 19,655 | 20,849 |
| Defined contribution plans | 1,484 | 1,436 |
| Share-based compensation expense (Cordlife Share Grant Plan) | 294 | 119 |
| | <u>21,433</u> | <u>22,404</u> |

These include the amount shown as key management personnel compensation in Note 30.

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2021

29 Employee benefits expense (cont'd)

Cordlife Share Grant Plan

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

The details of the plan are described below:

Performance Share Award

| | |
|------------------------|--|
| Plan description | Award of fully-paid ordinary shares of the Company, conditional upon the satisfaction of specific performance targets set at the start of a two-year performance period based on medium-term Group and Company objectives. |
| Performance conditions | Average Return on Invested Capital and Absolute Shareholders' Return |
| Vesting conditions | Based on meeting stated performance conditions over a two-year performance period, 50% of award will vest. Balance will vest in the third year. |
| Payout | 0%-200% depending on the achievement of pre-set performance targets over the performance period. |

Restricted Share Award

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

Movement of share awards during the year

| | Group | |
|--|---------------|-------------|
| | 2021 | 2020 |
| | No. of shares | |
| Outstanding at the beginning of the year | 3,337,550 | 2,169,700 |
| – Granted | – | 2,955,900 |
| – Awarded | (718,700) | (575,250) |
| – Cancelled | (2,281,800) | (1,212,800) |
| Outstanding at the end of the year | 337,050 | 3,337,550 |

The expense recognised in profit or loss for employee services received under the Cordlife Share Grant Plan during the financial year ended 31 December 2021 is \$294,000 (2020: \$119,000).

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2021

29 Employee benefits expense (cont'd)

Fair value of share awards granted

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

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

| | 2020 |
|-----------------------------------|-------------|
| Expected dividend yield (%) | 1.31 |
| Expected volatility (%) | 36.97 |
| Risk-free interest rate (%) | 0.25 - 0.30 |
| Expected term (years) | 1 - 2 |
| Share price at date of grant (\$) | <u>0.39</u> |

Based on the Monte Carlo simulation model, the estimated fair value at the date of grant for each share granted under the Cordlife Share Grant Plan for the year ended 31 December 2020 was \$0.36 – \$0.38. There were no shares granted for the year ended 31 December 2021.

30 Related party transactions

Compensation of key management personnel

| | Group | |
|----------------------------------|--------------|--------------|
| | 2021 | 2020 |
| | \$'000 | \$'000 |
| Salaries and bonuses | 1,683 | 1,636 |
| Defined contribution plans | 124 | 125 |
| Other short-term benefits | 92 | 87 |
| Share-based compensation | 273 | 149 |
| Directors' fees | 291 | 358 |
| | <u>2,463</u> | <u>2,355</u> |
| <i>Comprise amounts paid to:</i> | | |
| Directors of the Company | 1,008 | 1,016 |
| Other key management personnel | 1,455 | 1,339 |
| | <u>2,463</u> | <u>2,355</u> |

31 Financial instruments

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

- Credit risk
- Liquidity risk
- Market risk

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

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2021

31 Financial instruments (cont'd)

Risk management framework

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

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

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

(i) Credit risk

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

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

Trade receivables and contract assets

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

Exposure to credit risk

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

| | Group | | Company | |
|-------------|----------------|----------------|----------------|----------------|
| | 2021 \$'000 | 2020 \$'000 | 2021 \$'000 | 2020 \$'000 |
| Singapore | 64,488 | 64,496 | 53,053 | 53,824 |
| Hong Kong | 1,152 | 1,009 | – | – |
| India | 1,768 | 2,668 | – | – |
| Malaysia | 3,176 | 3,984 | – | – |
| Philippines | 12,220 | 12,083 | – | – |
| Indonesia | 7,730 | 7,398 | – | – |
| | 90,534 | 91,638 | 53,053 | 53,824 |

As at 31 December 2021, the Group has an RCN from CRC of \$4,357,000 classified as long-term investment (2020: \$4,491,000 classified as short-term investment). Details are disclosed in Note 14 to the financial statements.

The Group has one investment in money market funds of \$14,099,000 (2020: one investment in money market funds of \$11,173,000) above \$2,000,000. The investments are placed with regulated financial institutions.

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2021

31 Financial instruments (cont'd)

(i) Credit risk (cont'd)

Trade receivables and contract assets (cont'd)

Exposure to credit risk (cont'd)

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

The Group's and the Company's impaired trade receivables at 31 December 2021 had a gross carrying amount of \$30,255,000 and \$12,105,000, respectively (31 December 2020: \$28,530,000 and \$10,936,000 respectively).

Expected credit loss assessment for individual customers as at 31 December 2021 and 31 December 2020

The Group uses an allowance matrix to measure the ECLs of trade receivables from individual customers, which comprise a very large number of small balances.

Loss rates are calculated using a 'roll rate' method based on the probability of a receivable progressing through successive stages of delinquency to write-off. Roll rates are calculated separately for exposures by type of customers based on the common credit risk characteristics.

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

| | Weighted average loss rate % | Gross carrying amount \$'000 | Impairment loss allowance \$'000 | Credit impaired |
|----------------------------|---------------------------------------|---------------------------------------|--|--------------------|
| Group | | | | |
| 31 December 2021 | | | | |
| Current (not past due) | 1.02 | 9,122 | (93) | No |
| 1-30 days past due | 5.48 | 2,042 | (112) | No |
| 31-60 days past due | 9.61 | 843 | (81) | No |
| 61-90 days past due | 19.22 | 567 | (109) | No |
| More than 90 days past due | 33.36 | 17,681 | (5,899) | Yes |
| | | 30,255 | (6,294) | |
| 31 December 2020 | | | | |
| Current (not past due) | 1.44 | 7,233 | (104) | No |
| 1-30 days past due | 2.72 | 2,056 | (56) | No |
| 31-60 days past due | 3.61 | 1,247 | (45) | No |
| 61-90 days past due | 5.07 | 868 | (44) | No |
| More than 90 days past due | 28.55 | 17,126 | (4,890) | Yes |
| | | 28,530 | (5,139) | |

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2021

31 Financial instruments (cont'd)

(i) Credit risk (cont'd)

Trade receivables and contract assets (cont'd)

Expected credit loss assessment for individual customers as at 31 December 2021 and 31 December 2020

| | Weighted average loss rate % | Gross carrying amount \$'000 | Impairment loss allowance \$'000 | Credit impaired |
|----------------------------|---------------------------------------|---------------------------------------|--|--------------------|
| Company | | | | |
| 31 December 2021 | | | | |
| Current (not past due) | 0.35 | 4,296 | (15) | No |
| 1-30 days past due | 1.06 | 1,229 | (13) | No |
| 31-60 days past due | 3.53 | 312 | (11) | No |
| 61-90 days past due | 4.06 | 197 | (8) | No |
| More than 90 days past due | 20.03 | 6,071 | (1,216) | Yes |
| | | <u>12,105</u> | <u>(1,263)</u> | |
| 31 December 2020 | | | | |
| Current (not past due) | 0.36 | 4,137 | (15) | No |
| 1-30 days past due | 1.67 | 777 | (13) | No |
| 31-60 days past due | 2.08 | 385 | (8) | No |
| 61-90 days past due | 2.52 | 238 | (6) | No |
| More than 90 days past due | 21.63 | 5,399 | (1,168) | Yes |
| | | <u>10,936</u> | <u>(1,210)</u> | |

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

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

| | Group | | Company | |
|----------------------------|----------------|----------------|----------------|----------------|
| | 2021 \$'000 | 2020 \$'000 | 2021 \$'000 | 2020 \$'000 |
| At 1 January | 6,442 | 5,358 | 1,519 | 1,346 |
| Impairment loss recognised | 1,515 | 1,562 | 45 | 268 |
| Amounts written off | (19) | (415) | (19) | (95) |
| Exchange differences | (78) | (63) | – | – |
| At 31 December | <u>7,860</u> | <u>6,442</u> | <u>1,545</u> | <u>1,519</u> |

Cash and cash equivalents

The Group and the Company held cash and cash equivalents of \$15,458,000 and \$3,438,000 respectively at 31 December 2021 (2020: \$25,938,000 and \$11,509,000 respectively). The cash and cash equivalents are held with bank and financial institution counterparties, which are rated Baa3 to Aa1, based on Moody's ratings.

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

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2021

31 Financial instruments (cont'd)

(ii) Liquidity risk

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

The following are the contractual maturities of financial liabilities, including estimated interest payments and excluding the impact of netting agreements:

| | Carrying amount \$'000 | Contractual cash flows \$'000 | Cash flows | | |
|---|---------------------------|----------------------------------|-------------------------|----------------------------|------------------------|
| | | | Within 1 year \$'000 | Within 2-5 years \$'000 | Over 5 years \$'000 |
| Group | | | | | |
| 31 December 2021 | | | | | |
| Non-derivative financial liabilities | | | | | |
| Trade and other payables | 12,085 | (12,085) | (11,423) | (662) | - |
| Lease liabilities | 2,967 | (3,350) | (1,775) | (1,575) | - |
| | <u>15,052</u> | <u>(15,435)</u> | <u>(13,198)</u> | <u>(2,237)</u> | <u>-</u> |
| 31 December 2020 | | | | | |
| Non-derivative financial liabilities | | | | | |
| Trade and other payables | 14,794 | (14,794) | (14,251) | (543) | - |
| Interest-bearing borrowings | 3,988 | (3,988) | (310) | (1,398) | (2,280) |
| Lease liabilities | 3,665 | (4,581) | (1,906) | (2,675) | - |
| | <u>22,447</u> | <u>(23,363)</u> | <u>(16,467)</u> | <u>(4,616)</u> | <u>(2,280)</u> |
| Company | | | | | |
| 31 December 2021 | | | | | |
| Non-derivative financial liabilities | | | | | |
| Trade and other payables | 4,431 | (4,431) | (4,431) | - | - |
| Amounts owing to subsidiaries | 28,773 | (28,773) | (15,378) | - | (13,395) |
| Lease liabilities | 313 | (316) | (178) | (138) | - |
| | <u>33,517</u> | <u>(33,520)</u> | <u>(19,987)</u> | <u>(138)</u> | <u>(13,395)</u> |
| 31 December 2020 | | | | | |
| Non-derivative financial liabilities | | | | | |
| Trade and other payables | 4,204 | (4,204) | (4,204) | - | - |
| Amounts owing to subsidiaries | 23,675 | (23,675) | (10,407) | - | (13,268) |
| Interest-bearing borrowings | 3,988 | (3,988) | (310) | (1,398) | (2,280) |
| Lease liabilities | 611 | (626) | (315) | (311) | - |
| | <u>32,478</u> | <u>(32,493)</u> | <u>(15,236)</u> | <u>(1,709)</u> | <u>(15,548)</u> |

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2021

31 Financial instruments (cont'd)

(iii) Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and equity prices will affect the Group's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return.

Currency risk

The Group is exposed to currency risk mainly arising from its cash and cash equivalents and fixed deposit denominated in USD.

At the end of the reporting period, if USD/SGD strengthened/weakened by 5% with all other variables held constant, the Group's profit for the year would have been \$97,000 (2020: \$86,000) higher/lower, arising as a result of higher/lower revaluation gains on cash and cash equivalents and fixed deposit denominated in USD.

Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of the Group's financial instruments will fluctuate because of changes in market interest rates. The Group's exposure to interest rate risk arises primarily from the Group's interest-bearing borrowings whose interest rates are subject to re-pricing every quarter.

Fixed deposits of varying maturity periods are placed with reputable banks and financial institutions and generate interest income at a fixed rate during the tenure of the fixed deposits and are not subject to changes in interest rate.

Sensitivity analysis for interest rate risk

On 17 March 2021, the Group has repaid the outstanding interest-bearing borrowings. For the financial year ended 31 December 2020, if interest rates had been 75 basis points lower/higher with all other variables held constant, the Group's profit net of tax would have been \$31,000 higher/lower, arising mainly as a result of lower/higher interest expense on floating rate interest-bearing borrowings.

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2021

31 Financial instruments (cont'd)

Accounting classifications and fair values

The carrying amounts and fair values of financial assets and financial liabilities, including their levels in the fair value hierarchy are as follows. It does not include fair value information for financial assets and financial liabilities not measured at fair value if the carrying amount is a reasonable approximation of fair value.

| | Carrying amount | | | | | Fair value | | | |
|---|-----------------------------------|---------------------------------------|-----------------------------|---|-----------------|-------------------|-------------------|-------------------|-----------------|
| | Mandatorily at FVTPL \$'000 | Designated at fair value \$'000 | Amortised cost \$'000 | Other financial liabilities \$'000 | Total \$'000 | Level 1 \$'000 | Level 2 \$'000 | Level 3 \$'000 | Total \$'000 |
| Group | | | | | | | | | |
| 31 December 2021 | | | | | | | | | |
| Financial assets measured at fair value | | | | | | | | | |
| Long-term investments | - | 4,357 | - | - | 4,357 | - | - | 4,357 | 4,357 |
| Short-term investments | 15,411 | - | - | - | 15,411 | - | 15,411 | - | 15,411 |
| | <u>15,411</u> | <u>4,357</u> | <u>-</u> | <u>-</u> | <u>19,768</u> | | | | |
| Financial assets not measured at fair value | | | | | | | | | |
| Contract assets | - | - | 66,573 | - | 66,573 | | | | |
| Trade and other receivables# | - | - | 29,421 | - | 29,421 | | | | |
| Fixed deposits | - | - | 43,748 | - | 43,748 | | | | |
| Cash and cash equivalents | - | - | 15,458 | - | 15,458 | | | | |
| | <u>-</u> | <u>-</u> | <u>155,200</u> | <u>-</u> | <u>155,200</u> | | | | |
| Financial liabilities not measured at fair value | | | | | | | | | |
| Trade and other payables | - | - | - | (12,085) | (12,085) | | | | |
| | <u>-</u> | <u>-</u> | <u>-</u> | <u>(12,085)</u> | <u>(12,085)</u> | | | | |

The carrying amount of non-current other receivables reasonably approximate their fair values as they are floating rate instruments that are re-priced to market interest rates on or near the end of the reporting period.

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2021

31 Financial instruments (cont'd)

Accounting classifications and fair values (cont'd)

| | Carrying amount | | | | | Fair value | | | |
|---|-----------------------------------|---------------------------------------|-----------------------------|---|-----------------|-------------------|-------------------|-------------------|-----------------|
| | Mandatorily at FVTPL \$'000 | Designated at fair value \$'000 | Amortised cost \$'000 | Other financial liabilities \$'000 | Total \$'000 | Level 1 \$'000 | Level 2 \$'000 | Level 3 \$'000 | Total \$'000 |
| Group | | | | | | | | | |
| 31 December 2020 | | | | | | | | | |
| value | | | | | | | | | |
| Short-term investments | 15,330 | 4,491 | - | - | 19,821 | - | 15,330 | 4,491 | 19,821 |
| | <u>15,330</u> | <u>4,491</u> | <u>-</u> | <u>-</u> | <u>19,821</u> | | | | |
| Financial assets not measured at fair value | | | | | | | | | |
| Contract assets | - | - | 68,247 | - | 68,247 | | | | |
| Trade and other receivables# | - | - | 26,507 | - | 26,507 | | | | |
| Fixed deposits | - | - | 29,443 | - | 29,443 | | | | |
| Cash and cash equivalents | - | - | 25,938 | - | 25,938 | | | | |
| | <u>-</u> | <u>-</u> | <u>150,135</u> | <u>-</u> | <u>150,135</u> | | | | |
| Financial liabilities not measured at fair value | | | | | | | | | |
| Trade and other payables | - | - | - | (14,794) | (14,794) | | | | |
| Interest-bearing borrowings# | - | - | - | (3,988) | (3,988) | | | | |
| | <u>-</u> | <u>-</u> | <u>-</u> | <u>(18,782)</u> | <u>(18,782)</u> | | | | |

The carrying amount of non-current other receivables and interest-bearing borrowings (current and non-current) reasonably approximate their fair values as they are floating rate instruments that are re-priced to market interest rates on or near the end of the reporting period.

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2021

31 Financial instruments (cont'd)

Accounting classifications and fair values (cont'd)

| | Carrying amount | | | | Fair value | | | |
|---|-----------------------------|-------------------|-----------------------------------|----------|------------|---------|---------|--------|
| | Designated at fair value | Amortised cost | Other financial liabilities | Total | Level 1 | Level 2 | Level 3 | Total |
| | \$'000 | \$'000 | \$'000 | \$'000 | \$'000 | \$'000 | \$'000 | \$'000 |
| Company | | | | | | | | |
| 31 December 2021 | | | | | | | | |
| Financial assets measured at fair value | | | | | | | | |
| Long-term investments | 4,357 | - | - | 4,357 | - | - | 4,357 | 4,357 |
| Financial assets not measured at fair value | | | | | | | | |
| Contract assets | - | 42,211 | - | 42,211 | | | | |
| Trade and other receivables# | - | 11,538 | - | 11,538 | | | | |
| Fixed deposits | - | 8,268 | - | 8,268 | | | | |
| Cash and cash equivalents | - | 3,438 | - | 3,438 | | | | |
| Amounts owing by subsidiaries | - | 23,381 | - | 23,381 | | | | |
| | - | 88,836 | - | 88,836 | | | | |
| Financial liabilities not measured at fair value | | | | | | | | |
| Trade and other payables | - | - | (4,431) | (4,431) | | | | |
| Amounts owing to subsidiaries | - | - | (28,773) | (28,773) | | | | |
| | - | - | (33,204) | (33,204) | | | | |

The carrying amount of non-current other receivables reasonably approximate their fair values as they are floating rate instruments that are re-priced to market interest rates on or near the end of the reporting period.

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2021

31 Financial instruments (cont'd)

Accounting classifications and fair values (cont'd)

| | Carrying amount | | | | Fair value | | | |
|---|-----------------------------|-------------------|-----------------------------------|----------|------------|---------|---------|--------|
| | Designated at fair value | Amortised cost | Other financial liabilities | Total | Level 1 | Level 2 | Level 3 | Total |
| | \$'000 | \$'000 | \$'000 | \$'000 | \$'000 | \$'000 | \$'000 | \$'000 |
| Company | | | | | | | | |
| 31 December 2020 | | | | | | | | |
| Financial assets measured at fair value | | | | | | | | |
| Short-term investments | 4,491 | - | - | 4,491 | - | - | 4,491 | 4,491 |
| Financial assets not measured at fair value | | | | | | | | |
| Contract assets | - | 44,098 | - | 44,098 | | | | |
| Trade and other receivables# | - | 10,252 | - | 10,252 | | | | |
| Cash and cash equivalents | - | 11,509 | - | 11,509 | | | | |
| Amounts owing by subsidiaries | - | 21,883 | - | 21,883 | | | | |
| | - | 87,742 | - | 87,742 | | | | |
| Financial liabilities not measured at fair value | | | | | | | | |
| Trade and other payables | - | - | (4,204) | (4,204) | | | | |
| Interest-bearing borrowings# | - | - | (3,988) | (3,988) | | | | |
| Amounts owing to subsidiaries | - | - | (23,675) | (23,675) | | | | |
| | - | - | (31,867) | (31,867) | | | | |

The carrying amount of non-current other receivables and interest-bearing borrowings (current and non-current) reasonably approximate their fair values as they are floating rate instruments that are re-priced to market interest rates on or near the end of the reporting period.

32 Fair value of assets and liabilities

(a) Fair value hierarchy

The Group classifies fair value measurement using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy has the following levels:

- Level 1 – quoted prices (unadjusted) in active markets for identical assets or liabilities,
- Level 2 – inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices), and
- Level 3 – inputs for the asset or liability that are not based on observable market data (unobservable inputs).

(b) Valuation techniques and significant unobservable inputs

The following tables show the valuation techniques used in measuring Level 2 and Level 3 fair values, as well as the significant unobservable inputs used.

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2021

32 Fair value of assets and liabilities (cont'd)

(b) Valuation techniques and significant unobservable inputs (cont'd)

Financial assets measured at fair value

| Type | Valuation technique | Significant unobservable inputs | Inter-relationship between key unobservable inputs and fair value measurement |
|--------------------------------------|--|---------------------------------|---|
| Group | | | |
| Short-term investments | Net asset value of money market funds | Not applicable | Not applicable |
| Group and Company | | | |
| Long-term and short-term investments | Amortised cost including interest receivable | Not applicable | Not applicable |

The following tables shows a reconciliation from the opening balances to the ending balances for the Level 3 fair values:

| | Group and Company Investments – at FVTPL | |
|--|--|----------------|
| | 2021 \$'000 | 2020 \$'000 |
| At 1 January | 4,491 | 9,531 |
| Redemption of long-term investments | – | (5,145) |
| Interest received | (303) | – |
| Total unrealised gains and losses recognised in profit or loss | | |
| – Interest income | 156 | 118 |
| – Net change in fair value of FVTPL | 13 | (13) |
| At 31 December | 4,357 | 4,491 |

33 Segment reporting

For management reporting purposes, the Group monitors the performance of the business units based on their products and services and has two reportable segments as follows:

- The banking segment comprises of 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:

- Interest income excluding interest income on contract assets.
- Income taxes that are 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.

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2021

33 Segment reporting (cont'd)

Segment revenue

| | Banking \$'000 | Diagnostics \$'000 | Total \$'000 |
|------------------------------------|-------------------|-----------------------|-----------------|
| Year ended 31 December 2021 | | | |
| Revenue from external customers | 53,115 | 3,554 | 56,669 |
| Total consolidated revenue | | | <u>56,669</u> |

Year ended 31 December 2020 (restated)

| | | | |
|---------------------------------|--------|-------|---------------|
| Revenue from external customers | 56,321 | 2,666 | 58,987 |
| Total consolidated revenue | | | <u>58,987</u> |

Segment results

Year ended 31 December 2021

| | | | |
|--|---------|-------|--------------|
| Depreciation and amortisation | (3,567) | (5) | (3,572) |
| Segment profit | 3,287 | 1,031 | 4,318 |
| Fair value gain on investment properties | | | 179 |
| Share of profit of associate | | | 432 |
| Gain on financial asset at fair value through profit or loss | | | 13 |
| Finance income | | | 2,267 |
| Finance costs | | | (200) |
| Profit before income tax | | | 7,009 |
| Income tax | | | (874) |
| Profit for the year | | | <u>6,135</u> |

Year ended 31 December 2020

| | | | |
|--|---------|------|--------------|
| Depreciation and amortisation | (4,132) | (11) | (4,143) |
| Segment profit | 4,446 | 672 | 5,118 |
| Fair value loss on investment properties | | | (194) |
| Reversal of impairment loss on investment in associate | | | 386 |
| Share of profit of associate | | | 367 |
| Loss on financial asset at fair value through profit or loss | | | (13) |
| Finance income | | | 2,228 |
| Finance costs | | | (341) |
| Profit before income tax | | | 7,551 |
| Income tax | | | (1,001) |
| Profit for the year | | | <u>6,550</u> |

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2021

33 Segment reporting (cont'd)

Segment assets and liabilities

| | Banking \$'000 | Diagnostics \$'000 | Others* \$'000 | Total \$'000 |
|--|-------------------|-----------------------|-------------------|-----------------|
| 31 December 2021 | | | | |
| Additions to non-current assets, comprising additions to property, plant and equipment and intangible assets | 3,074 | – | – | 3,074 |
| Segment assets | 280,212 | 3,456 | 837 | 284,505 |
| Investment in associate | | | | 1,106 |
| Investment properties | | | | 3,513 |
| Long-term investments | | | | 4,357 |
| Eliminations+ | | | | (59,769) |
| Per consolidated financial statements | | | | 233,712 |
| Segment liabilities | 137,169 | 1,360 | 12,372 | 150,901 |
| Tax payables | | | | 1,666 |
| Deferred tax liabilities | | | | 4,171 |
| Eliminations+ | | | | (59,715) |
| Per consolidated financial statements | | | | 97,023 |
| 31 December 2020 | | | | |
| Additions to non-current assets, comprising additions to property, plant and equipment and intangible assets | 3,808 | – | – | 3,808 |
| Segment assets | 269,151 | 1,941 | 558 | 271,650 |
| Investment in associate | | | | 769 |
| Investment properties | | | | 7,531 |
| Short-term investments | | | | 4,491 |
| Eliminations+ | | | | (51,225) |
| Per consolidated financial statements | | | | 233,216 |
| Segment liabilities | 131,696 | 1,267 | 11,084 | 144,047 |
| Tax payables | | | | 2,471 |
| Deferred tax liabilities | | | | 4,625 |
| Eliminations+ | | | | (51,149) |
| Per consolidated financial statements | | | | 99,994 |

+ 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.

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2021

33 Segment reporting (cont'd)

Segment assets and liabilities (cont'd)

| | Revenue | | Non-current assets | |
|-------------|----------------|----------------|--------------------|----------------|
| | 2021 \$'000 | 2020 \$'000 | 2021 \$'000 | 2020 \$'000 |
| Singapore | 25,583 | 27,226 | 9,290 | 9,940 |
| Hong Kong | 7,697 | 7,717 | 23,250 | 23,161 |
| India | 8,575 | 9,048 | 3,839 | 3,600 |
| Malaysia | 4,035 | 4,308 | 11,871 | 16,153 |
| Philippines | 5,446 | 5,242 | 787 | 309 |
| Others | 5,333 | 5,446 | 2,418 | 2,765 |
| | <u>56,669</u> | <u>58,987</u> | <u>51,455</u> | <u>55,928</u> |

Non-current assets information presented above consist of property, plant and equipment, investment properties and intangible assets.

34 Dividends

The following exempt (one-tier) dividends were declared and paid by the Group and Company.

| | Group and Company | |
|--|-------------------|----------------|
| | 2021 \$'000 | 2020 \$'000 |
| <i>Paid by the Company to owners of the Company</i> | | |
| <i>Dividends on ordinary shares:</i> | | |
| Final tax exempt (one-tier) dividend for 31 December 2020: 0.9 cents per share | 2,298 | – |
| Final tax exempt (one-tier) dividend for 31 December 2019: 1.0 cent per share | – | 2,540 |
| | <u>2,298</u> | <u>2,540</u> |

After the respective reporting dates, the following exempt (one-tier) dividends were proposed by the directors, subject to shareholders' approval at the AGM. These exempt (one-tier) dividends have not been provided for.

| | Group and Company | |
|--|-------------------|----------------|
| | 2021 \$'000 | 2020 \$'000 |
| Final tax exempt (one-tier) dividend for 31 December 2021: 0.9 cents per share | 2,298 | – |
| Final tax exempt (one-tier) dividend for 31 December 2020: 0.9 cents per share | – | 2,291 |
| | <u>2,298</u> | <u>2,291</u> |

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2021

35 Capital management

Capital comprises equity attributable to owners of the Company.

The primary objective of the Group's capital management is to ensure that it maintains an appropriate capital structure in order to support its business and maximise shareholder value.

The Group manages its capital structure and makes adjustment to it, in the light of changes in economic conditions. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. The Group is not subject to any externally imposed capital requirements. No changes were made in the objectives, policies or processes during the year ended 31 December 2021 and 2020.

The Group is currently in a net cash position. The Group monitors capital using a total debt to total equity ratio, which is interest-bearing borrowings divided by total equity attributable to owners of the Company.

| | Group | |
|--|----------------|----------------|
| | 2021 \$'000 | 2020 \$'000 |
| Interest-bearing borrowings | – | 3,988 |
| Equity attributable to owners of the Company | 136,429 | 133,096 |
| Total debt to total equity ratio | –% | 3.00% |

36 Comparative information

The presentation of interest arising from contract assets has been reclassified from finance income to revenue to better reflect the nature of the revenue and income. The comparative figures in the statement of comprehensive income have been accordingly reclassified. The effects of the reclassification have no impact on the profit for the year, representing and total comprehensive income for the year.

The effects of the reclassification are set out as below:

| | 2020 | | |
|--|-------------------------------------|--|--------------------|
| | As previously reported \$'000 | Effects of reclassification \$'000 | Restated \$'000 |
| Statement of comprehensive income | | | |
| Revenue | 50,616 | 8,371 | 58,987 |
| Finance income | 10,599 | (8,371) | 2,228 |

STATISTICS OF SHAREHOLDINGS

As at 21 March 2022

| | | |
|-----------------------------|---|---|
| Class of equity securities | : | Ordinary Shares |
| Number of equity securities | : | 255,301,444 ordinary shares (excluding treasury shares) |
| Voting rights | : | one vote per share |
| Number of treasury shares | : | 12,223,910 ordinary shares |

STATISTICS OF SHAREHOLDERS

| Size of Holdings | No. of Shareholders | % | No. of Shares | % |
|---------------------|---------------------|---------------|--------------------|---------------|
| 1 – 99 | 18 | 0.99 | 418 | 0.00 |
| 100 – 1,000 | 166 | 9.17 | 114,154 | 0.04 |
| 1,001 – 10,000 | 1,046 | 57.76 | 5,995,562 | 2.35 |
| 10,001 – 1,000,000 | 570 | 31.47 | 28,774,124 | 11.27 |
| 1,000,001 and above | 11 | 0.61 | 220,417,186 | 86.34 |
| | 1,811 | 100.00 | 255,301,444 | 100.00 |

SUBSTANTIAL SHAREHOLDERS AS AT 21 MARCH 2022

(As recorded in the Register of Substantial Shareholders)

| Substantial Shareholders | Direct | | Deemed | |
|--|------------------|---|----------------------------|---|
| | Number of Shares | % of total issued Shares ⁽¹⁾ | Number of Shares | % of total issued Shares ⁽¹⁾ |
| China Stem Cells (East) Company Limited | 25,516,666 | 9.99 | – | – |
| China Stem Cells Holdings Limited | – | – | 25,516,666 ⁽²⁾ | 9.99 |
| China Cord Blood Services Corporation | – | – | 25,516,666 ⁽³⁾ | 9.99 |
| Global Cord Blood Corporation | – | – | 25,516,666 ⁽⁴⁾ | 9.99 |
| Blue Ocean Structure Investment Company Ltd (BVI) | – | – | 25,516,666 ⁽⁵⁾ | 9.99 |
| Blue Ocean Creation Investment Hong Kong Limited | – | – | 25,516,666 ⁽⁶⁾ | 9.99 |
| Shanghai Blue Ocean Ke Rui Financial Information Service Partnership | – | – | 25,516,666 ⁽⁷⁾ | 9.99 |
| Nanjing Ying Peng Hui Kang Medical Industry Investment Partnership (Limited Partnership) | – | – | 25,516,666 ⁽⁸⁾ | 9.99 |
| Nanjing Ying Peng Asset Management Limited | – | – | 25,516,666 ⁽⁹⁾ | 9.99 |
| Sanpower Group Nanjing Investment Management Limited | – | – | 25,516,666 ⁽¹⁰⁾ | 9.99 |
| Nanjing Xinjiekou Department Store Co., Ltd. | 51,870,000 | 20.32 | – | – |
| Sanpower Group Corporation | – | – | 77,386,666 ⁽¹¹⁾ | 30.31 |
| Yuan Yafei | – | – | 77,386,666 ⁽¹²⁾ | 30.31 |
| TransGlobal Real Estate Group Limited | 71,460,300 | 27.99 | – | – |

STATISTICS OF SHAREHOLDINGS

As at 21 March 2022

| Substantial Shareholders | Direct | | Deemed | |
|--|------------------|---|----------------------------|---|
| | Number of Shares | % of total issued Shares ⁽¹⁾ | Number of Shares | % of total issued Shares ⁽¹⁾ |
| Lui Yim Sheung | – | – | 71,460,300 ⁽¹³⁾ | 27.99 |
| Yiu Chi Shing | – | – | 71,460,300 ⁽¹³⁾ | 27.99 |
| Robust Plan Limited | 15,920,000 | 6.24 | – | – |
| Shanghai Dunheng Capital Management Co., Ltd | – | – | 15,920,000 ⁽¹⁴⁾ | 6.24 |
| Jiaxing Huiling No. 3 Investment Partnership (Limited Partnership) | – | – | 15,920,000 ⁽¹⁵⁾ | 6.24 |
| Minsheng (Shanghai) Asset Management Co., Ltd. | – | – | 15,920,000 ⁽¹⁶⁾ | 6.24 |
| China Minsheng Investment Corp., Ltd | – | – | 15,920,000 ⁽¹⁷⁾ | 6.24 |
| Jiaxing Huiling Capital Management Co., Ltd | – | – | 15,920,000 ⁽¹⁸⁾ | 6.24 |
| CMI Capital Co., Ltd | – | – | 15,920,000 ⁽¹⁹⁾ | 6.24 |
| Vcanland Holding Group Company Limited | – | – | 18,133,000 ⁽²⁰⁾ | 7.10 |
| Li Defu | – | – | 18,133,000 ⁽²¹⁾ | 7.10 |
| Cedar Tree Investment Ltd | – | – | 12,800,000 ⁽²²⁾ | 5.01 |
| Chen Yi Dan | – | – | 12,800,000 ⁽²³⁾ | 5.01 |

Notes:

- (1) As a percentage of the issued share capital of the Company (excluding the 12,223,910 Shares held as treasury shares), comprising 255,301,444 Shares as at the Latest Practicable Date.
- (2) Based on the Form 3 (Notification Form for Substantial Shareholder(s)/Unitholder(s) in respect of Interests in Securities) (“**Form 3**”) received by the Company on 6 September 2017, China Stem Cells Holdings Limited (“**CSCHL**”) is the sole shareholder of China Stem Cells (East) Company Limited (“**CSCECL**”) and is therefore deemed to be interested in the Shares held by CSCECL by virtue of Section 4 of the SFA.
- (3) Based on the Form 3 received by the Company on 6 September 2017, China Cord Blood Services Corporation (“**CCBSC**”) is the sole shareholder of CSCHL and is therefore deemed to be interested in the Shares held by CSCECL by virtue of Section 4 of the SFA.
- (4) Based on the Form 3 received by the Company on 6 September 2017, Global Cord Blood Corporation (“**GCBC**”) is the sole shareholder of CCBSC and is therefore deemed to be interested in the Shares held by CSCECL by virtue of Section 4 of the SFA.
- (5) Based on the Form 3 received by the Company on 31 January 2018, Blue Ocean Structure Investment Company Ltd (BVI) (“**BOSICL**”) holds 65.40% of the issued and outstanding share capital of GCBC and is therefore deemed to be interested in the Shares held by CSCECL by virtue of Section 4 of the SFA.
- (6) Based on the Form 3 received by the Company on 31 January 2018, Blue Ocean Creation Investment Hong Kong Limited (“**BOCIHKL**”) is the sole shareholder of BOSICL and is therefore deemed to be interested in the Shares held by CSCECL by virtue of Section 4 of the SFA.
- (7) Based on the Form 3 received by the Company on 31 January 2018, Shanghai Blue Ocean Ke Rui Financial Information Service Partnership (“**SBOKRFISP**”) is the sole shareholder of BOCIHKL and is therefore deemed to be interested in the Shares held by CSCECL by virtue of Section 4 of the SFA.
- (8) Based on the Form 3 received by the Company on 31 January 2018, Nanjing Ying Peng Hui Kang Medical Industry Investment Partnership (Limited Partnership) (“**NYPHKMIIP**”) is the limited partner of SBOKRFISP and is therefore deemed to be interested in the Shares held by CSCECL by virtue of Section 4 of the SFA.

STATISTICS OF SHAREHOLDINGS

As at 21 March 2022

- (9) Based on the Form 3 received by the Company on 31 January 2018, Nanjing Ying Peng Asset Management Limited (“**NYPAML**”) is the general partner of SBOKRFISP. NYPAML is also general partner of NYPHKMIIP. NYPAML is therefore deemed to be interested in the Shares held by CSCECL by virtue of Section 4 of the SFA.
- (10) Based on the Form 3 received by the Company on 31 January 2018, Sanpower Group Nanjing Investment Management Limited (“**SGNIML**”) is the sole shareholder of NYPAML and is therefore deemed to be interested in the Shares held by CSCECL by virtue of Section 4 of the SFA.
- (11) Based on the Form 3 received by the Company on 31 January 2018, Sanpower Group Corporation (“**SPC**”) is the sole shareholder of SGNIML and holds 27.32% equity interest in Nanjing Xinjiekou Department Store Co., Ltd. (“**NXDSCL**”). SPC is therefore deemed to be interested in the Shares held by CSCECL and NXDSCL by virtue of Section 4 of the SFA.
- (12) Based on the Form 3 received by the Company on 31 January 2018, Yuan Yafei holds 97.5% equity interest in SPC and is therefore deemed to be interested in the Shares held by CSCECL and NXDSCL by virtue of Section 4 of the SFA.
- (13) Based on the Form 3 received by the Company on 10 November 2021, Lui Yim Sheung and Yiu Chi Shing each holds 50% of the voting rights of TransGlobal Real Estate Group Limited (“**TREGL**”). Lui Yim Sheung and Yiu Chi Shing are therefore deemed to have an interest in the Shares held by TREGL by virtue of Section 4 of the SFA.
- (14) Based on the Form 3 received by the Company on 16 September 2015, Shanghai Dunheng Capital Management Co., Ltd (“**SDCMCL**”) is the sole shareholder of Robust Plan Limited (“**RPL**”) and is therefore deemed to be interested in the Shares held by RPL by virtue of Section 4 of the SFA.
- (15) Based on the Form 3 received by the Company on 16 September 2015, Jiaxing Huiling No. 3 Investment Partnership (Limited Partnership) (“**JX No.3**”) is the sole shareholder of SDCMCL and is therefore deemed to be interested in the Shares held by RPL by virtue of Section 4 of the SFA.
- (16) Based on the Form 3 received by the Company on 16 September 2015, Minsheng (Shanghai) Asset Management Co., Ltd. (“**MSAMCL**”) holds 99.95% equity interest in JX No.3 and is therefore deemed to be interested in the Shares held by RPL by virtue of Section 4 of the SFA.
- (17) Based on the Form 3 received by the Company on 16 September 2015, China Minsheng Investment Corp., Ltd (“**CMICL**”) is the sole shareholder of MSAMCL and is therefore deemed to be interested in the Shares held by RPL by virtue of Section 4 of the SFA.
- (18) Based on the Form 3 received by the Company on 16 September 2015, Jiaxing Huiling Capital Management Co., Ltd (“**JHCMCL**”) holds 0.05% equity interest in JX No.3 and is therefore deemed to be interested in the Shares held by RPL by virtue of Section 4 of the SFA.
- (19) Based on the Form 3 received by the Company on 16 September 2015, CMI Capital Co., Ltd is the sole shareholder of JHCMCL and is therefore deemed to be interested in the Shares held by RPL by virtue of Section 4 of the SFA.
- (20) Based on the Form 3 received by the Company on 24 December 2015, Vcanland Holding Group Company Limited (“**VHGCL**”) is deemed interested in the Shares held by RPL pursuant to the sale and purchase agreement dated 23 December 2015 entered into with JX No.3 and Jiaxing Huiling Investment Management Co., Ltd for the acquisition of all the shares in the capital of SDCMCL. The completion under the sale and purchase agreement is subject to the satisfaction of several conditions precedents.
- (21) Based on the Form 3 received by the Company on 24 December 2015, Li Defu is the shareholder of VHGCL and is therefore deemed to be interested in the Shares held by RPL by virtue of Section 4 of the SFA.
- (22) Based on the Form 3 received by the Company on 18 March 2022, Cedar Tree Investment Ltd (“**CTIL**”) is deemed interested in the Shares held by Ally Honour Trading (HK) Limited (“**AHTL**”) pursuant to a sale and purchase agreement dated 18 March 2022, where Zhao Guanglei sold his 100% equity interest in AHTL to CTIL. Therefore upon completion of the said sale and purchase agreement on the same date, CTIL is deemed to have an interest in the 12,800,000 Shares held by AHTL by virtue of Section 4 of the SFA.
- (23) Based on the Form 3 received by the Company on 18 March 2022, Chen Yi Dan is the sole shareholder of CTIL and is therefore deemed to be interested in the Shares held by AHTL by virtue of Section 4 of the SFA.

STATISTICS OF SHAREHOLDINGS

As at 21 March 2022

TWENTY LARGEST SHAREHOLDERS

| No. | Name | No. of Shares | % |
|-----|---------------------------------------|---------------|-------|
| 1 | PHILLIP SECURITIES PTE LTD | 82,867,590 | 32.46 |
| 2 | MAYBANK SECURITIES PTE. LTD. | 52,170,800 | 20.43 |
| 3 | RAFFLES NOMINEES (PTE) LIMITED | 27,556,085 | 10.79 |
| 4 | DBS NOMINEES PTE LTD | 15,514,009 | 6.08 |
| 5 | DBS VICKERS SECURITIES (S) PTE LTD | 14,246,800 | 5.58 |
| 6 | ALLY HONOUR TRADING (HK) LIMITED | 12,800,000 | 5.01 |
| 7 | CITIBANK NOMINEES SINGAPORE PTE LTD | 6,503,880 | 2.55 |
| 8 | COOP INTERNATIONAL PTE LTD | 3,107,000 | 1.22 |
| 9 | TANTALUM CELLULAR PRODUCTS LLC | 2,566,972 | 1.01 |
| 10 | OCBC SECURITIES PRIVATE LTD | 2,023,700 | 0.79 |
| 11 | UNITED OVERSEAS BANK NOMINEES PTE LTD | 1,060,350 | 0.42 |
| 12 | OCBC NOMINEES SINGAPORE PTE LTD | 932,000 | 0.37 |
| 13 | HSBC (SINGAPORE) NOMINEES PTE LTD | 889,800 | 0.35 |
| 14 | TAN POH LAN | 791,780 | 0.31 |
| 15 | THET HNIN YI | 684,770 | 0.27 |
| 16 | UOB KAY HIAN PTE LTD | 636,000 | 0.25 |
| 17 | KHENG MAY LIAN SUSAN | 487,970 | 0.19 |
| 18 | LEE IN CHUN | 487,200 | 0.19 |
| 19 | LIM AND TAN SECURITIES PTE LTD | 477,534 | 0.19 |
| 20 | CHAN CHENG LOCK | 424,050 | 0.17 |
| | Total | 226,228,290 | 88.63 |

FREE FLOAT [Rule 1207(9) of the Listing Manual]

As at 21 March 2022, approximately 28.39% of the shareholding in the Company was held in the hands of the public (based on the information available to the Company). Accordingly, the Company has complied with Rule 723 of the Listing Manual.

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the Annual General Meeting of Cordlife Group Limited (the “Company”) will be held by electronic means (via live webcast and live audio feed) on Friday, 29 April 2022 at 10.00 a.m. (Singapore time) for the following purposes:

Ordinary Business

1. To receive and adopt the Audited Financial Statements of the Company for the financial year ended 31 December 2021 together with the Directors’ Statement and Auditors’ Report thereon.

(Resolution 1)

2. To re-elect Mr Joseph Wong Wai Leung who is retiring pursuant to Article 94 of the Company’s Constitution.

(Resolution 2)

Mr Joseph Wong Wai Leung (“Mr Wong”) is considered independent for the purpose of Rule 704(8) of the Listing Manual of the Singapore Exchange Securities Trading Limited (“SGX-ST”). If re-elected, Mr Wong will remain as the Chairman of the Board, Chairman of the Audit and Risk Committee, and member of the Remuneration Committee.

3. To re-elect Ms Tan Poh Lan who is retiring pursuant to Article 94 of the Company’s Constitution.

(Resolution 3)

4. To re-elect Mr Cheong Tuck Yan Titus Jim who is retiring pursuant to Article 100 of the Company’s Constitution.

(Resolution 4)

Mr Cheong Tuck Yan Titus Jim (“Mr Cheong”) is considered independent for the purpose of Rule 704(8) of the Listing Manual of the SGX-ST. If re-elected, Mr Cheong will remain as a member of the Audit and Risk Committee, Nominating Committee, and Remuneration Committee.

5. To re-elect Ms Chen Xiaoling who is retiring pursuant to Article 100 of the Company’s Constitution.

(Resolution 5)

6. To re-elect Mr Yiu Ming Yiu who is retiring pursuant to Article 100 of the Company’s Constitution.

(Resolution 6)

7. To re-elect Mr Chow Wai Leong who is retiring pursuant to Article 100 of the Company’s Constitution.

(Resolution 7)

8. To approve the payment of a final tax exempt (1-tier) dividend of S\$0.009 per ordinary share for the financial year ended 31 December 2021.

(Resolution 8)

9. To approve the payment of Directors’ fees of up to S\$450,000 for the Directors of the Company for the financial year ending 31 December 2022, payable quarterly in arrears (2021: S\$450,000).

(Resolution 9)

10. To approve the payment of additional Director’s fee of S\$200,000 to Dr Ho Choon Hou for the financial year ending 31 December 2022, payable quarterly in arrears (2021: S\$Nil).

(Resolution 10)

[See Explanatory Note (i)]

11. To re-appoint Messrs KPMG LLP as the Auditors of the Company and to authorise the Directors to fix their remuneration.

(Resolution 11)

12. To transact any other ordinary business which may properly be transacted at an Annual General Meeting.

NOTICE OF ANNUAL GENERAL MEETING

Special Business

To consider and, if thought fit, to pass the following resolutions as Ordinary Resolutions, with or without any modifications:

13. Authority to allot and issue shares

“That, pursuant to Section 161 of the Companies Act 1967 of Singapore and Rule 806(2) of the Listing Manual of the SGX-ST, authority be and is hereby given to the Directors of the Company (“**Directors**”) to:-

- (a) (i) issue shares in the capital of the Company (“**shares**”) whether by way of rights, bonus or otherwise; and/or
- (ii) make or grant offers, agreements or options (collectively, “**Instruments**”) that might or would require shares to be issued, including but not limited to the creation and issue of (as well as adjustments to) warrants, debentures or other instruments convertible into shares,

at any time and upon such terms and conditions and for such purposes and to such persons as the Directors may in their absolute discretion deem fit; and

- (b) (notwithstanding that the authority conferred by this Resolution may have ceased to be in force) issue shares in pursuance of any Instrument made or granted by the Directors while this Resolution was in force,

provided that:

- (1) the aggregate number of shares to be issued pursuant to this Resolution (including shares to be issued in pursuance of Instruments made or granted pursuant to this Resolution) does not exceed fifty per cent. (50%) of the Company’s total number of issued shares excluding treasury shares (as calculated in accordance with sub-paragraph (2) below), of which the aggregate number of shares to be issued other than on a pro-rata basis to existing shareholders of the Company (including shares to be issued in pursuance of Instruments made or granted pursuant to this Resolution) does not exceed twenty per cent. (20%) of the Company’s total number of issued shares excluding treasury shares (as calculated in accordance with sub-paragraph (2) below). Unless prior shareholder approval is required under the Listing Manual of the SGX-ST, an issue of treasury shares will not require further shareholder approval, and will not be included in the aforementioned limits.
- (2) (subject to such manner of calculation as may be prescribed by the SGX-ST) for the purpose of determining the aggregate number of shares that may be issued under sub-paragraph (1) above, the total number of issued shares excluding treasury shares is based on the Company’s total number of issued shares excluding treasury shares at the time this Resolution is passed, after adjusting for:
 - (i) new shares arising from the conversion or exercise of any convertible securities or share options or vesting of share awards which are outstanding or subsisting at the time this Resolution is passed; and
 - (ii) any subsequent bonus issue, consolidation or subdivision of shares;
- (3) in exercising the authority conferred by this Resolution, the Company shall comply with the provisions of the Listing Manual of the SGX-ST for the time being in force (unless such compliance has been waived by the SGX-ST) and the Constitution for the time being of the Company; and
- (4) (unless revoked or varied by the Company in general meeting) the authority conferred by this Resolution shall continue in force until the conclusion of the next Annual General Meeting of the Company or the date by which the next Annual General Meeting of the Company is required by law to be held, whichever is the earlier.”

(Resolution 12)

[See Explanatory Note (ii)]

NOTICE OF ANNUAL GENERAL MEETING

14. Authority to grant share awards and to issue shares under the “Cordlife Share Grant Plan” (the “**Share Grant Plan**”)

“That the Directors be and are hereby authorised to grant awards in accordance with the provisions of the Share Grant Plan and to allot and issue from time to time such number of fully paid-up shares as may be required to be delivered pursuant to the vesting of awards under the Share Grant Plan, provided that the total number of new shares which may be issued or shares which may be delivered pursuant to the awards granted under the Share Grant Plan, and all shares, options or awards granted under any other share scheme of the Company then in force, shall not exceed 15% of the issued share capital of the Company (excluding treasury shares) on the day preceding the relevant date of the award.”

(Resolution 13)

[See Explanatory Note (iii)]

15. Proposed renewal of the Share Purchase Mandate

“That:-

- (a) for the purposes of the Companies Act 1967 of Singapore (the “**Companies Act**”), the exercise by the directors of the Company (the “**Directors**”) of all the powers of the Company to purchase or otherwise acquire issued and fully paid ordinary shares (“**Shares**”) in the share capital of the Company not exceeding in the aggregate the Maximum Limit (as hereinafter defined), at such price(s) as may be determined by the Directors from time to time up to the Maximum Price (as hereinafter defined), whether by way of:

- (i) market purchases or acquisitions of Shares (each a “**Market Purchase**”) on the Singapore Exchange Securities Trading Limited (the “**SGX-ST**”); and/or
- (ii) off-market purchases or acquisitions of Shares (each an “**Off-Market Purchase**”) in accordance with any equal access scheme(s) as may be determined or formulated by the Directors as they consider fit, which scheme(s) shall satisfy all the conditions prescribed by the Companies Act,

and otherwise in accordance with all other laws and regulations, including but not limited to, the provisions of the Companies Act and the listing rules of the SGX-ST as may for the time being be applicable, be and is hereby authorised and approved generally and unconditionally (the “**Share Purchase Mandate**”);

- (b) the authority conferred on the Directors of the Company pursuant to the Share Purchase Mandate may be exercised by the Directors at any time and from time to time during the period commencing from the date of the passing of this Resolution and expiring on the earliest of:

- (i) the date on which the next Annual General Meeting of the Company is held or required by law to be held;
- (ii) the date on which the Share purchases or acquisitions by the Company pursuant to the Share Purchase Mandate are carried out to the full extent mandated; and
- (iii) the date on which the authority conferred by the Share Purchase Mandate is revoked or varied by the Company in a general meeting;

- (c) in this Resolution:

“**Average Closing Market Price**” means the average of the closing market prices of the Shares over the last five (5) Market Days, on which transactions in the Shares were recorded, preceding the day of the Market Purchase or, as the case may be, the day of the making of the offer pursuant to the Off-Market Purchase, and deemed to be adjusted for any corporate action that occurs during the relevant five (5)-day period and the day on which the Market Purchase was made;

“**day of the making of the offer**” means the day on which the Company announces its intention to make an offer for the purchase of Shares from shareholders of the Company, stating the purchase price (which shall not be more than the Maximum Price) for each Share and the relevant terms of the equal access scheme for effecting the Off-Market Purchase;

NOTICE OF ANNUAL GENERAL MEETING

“**Market Day**” means a day on which the SGX-ST is open for securities trading;

“**Maximum Limit**” means that number of Shares representing 5% of the total number of issued Shares as at the date of the passing of this Resolution, unless the Company has effected a reduction in the share capital of the Company in accordance with the applicable provisions of the Companies Act, at any time during the Relevant Period, in which event the total number of issued Shares of the Company shall be taken to be the total number of issued Shares of the Company, as altered. Any shares which are held as treasury shares and subsidiary holdings will be disregarded for the purpose of computing the 5% limit;

“**Maximum Price**” in relation to a Share to be purchased or acquired, means the purchase price (excluding brokerage, commission, stamp duties, applicable goods and services tax and other related expenses) which shall not exceed (in the case of both a Market Purchase and an Off-Market Purchase pursuant to an equal access scheme) 105% of the Average Closing Market Price of the Shares; and

“**Relevant Period**” means the period commencing from the date on which the last Annual General Meeting was held and expiring on the date the next Annual General Meeting is held or is required by law to be held, whichever is the earlier, after the date this Resolution is passed; and

- (d) the Directors of the Company and/or any of them be and are hereby authorised to complete and do all such acts and things (including executing such documents as may be required) as they and/or he may consider expedient or necessary to give effect to the transactions contemplated and/or authorised by this Resolution.

(Resolution 14)

[See Explanatory Note (iv)]

By Order of the Board

Ang Siew Koon
Company Secretary

Singapore,
14 April 2022

Explanatory Notes:

- (i) Ordinary Resolution 10

The additional Director's fee proposed for the Non-Independent Non-Executive Director, namely Dr Ho Choon Hou, is based on his additional active role in the Group.

- (ii) Ordinary Resolution 12 proposed under agenda item 13 above, if passed, will authorise and empower the Directors from the date of this AGM until the next AGM to issue shares and/or convertible securities in the Company up to an amount not exceeding in aggregate 50% of the total number of issued shares excluding treasury shares of which the total number of shares and convertible securities issued other than on a pro-rata basis to existing shareholders shall not exceed 20% of the total number of issued shares excluding treasury shares of the Company at the time the resolution is passed, for such purposes as they consider would be in the interests of the Company. This authority will, unless revoked or varied at a general meeting, expire at the next AGM of the Company.

- (iii) Ordinary Resolution 13 proposed under agenda item 14 above is to authorise the Directors to grant share awards and to issue shares under the Share Grant Plan approved by the shareholders of the Company at the extraordinary general meeting held on 18 October 2013.

NOTICE OF ANNUAL GENERAL MEETING

(iv) Ordinary Resolution 14

The Company intends to use internal sources of funds, or a combination of internal sources of funds and external borrowings, to finance purchases or acquisitions of Shares pursuant to the Share Purchase Mandate. The Directors do not propose to carry out purchases pursuant to the Share Purchase Mandate to such an extent that would, or in the circumstances that might, result in a material adverse effect on the financial position (including working capital and gearing) of the Group as a whole and/or affect the listing status of the Company on the SGX-ST. The amount of financing required for the Company to purchase or acquire its Shares and the impact on the Company's financial position cannot be ascertained as at the date of this Notice as these will depend on, inter alia, whether the Shares are purchased out of capital or profits of the Company, the price paid for such Shares, the aggregate number of Shares purchased or acquired and whether the Shares purchased are held in treasury or cancelled. An illustration of the financial impact of the Share purchases by the Company pursuant to the Share Purchase Mandate on the audited financial statements of the Company and its subsidiaries for the financial year ended 31 December 2021 is set out in the Company's letter to Shareholders dated 14 April 2022. Shareholders should note that the financial effects set out therein are purely for illustrative purposes only.

Record Date and Payment Date for Final Dividend

Subject to the approval of the shareholders at the forthcoming Annual General Meeting, the Register of Members and the Transfer Books of the Company will be closed on 10 May 2022 for the purpose of preparing the dividend warrants for the final dividend ("**Dividend**").

Duly completed registrable transfers received by the Company's Share Registrar, Tricor Barbinder Share Registration Services at 80 Robinson Road, #11-02 Singapore 068898 up to 5.00 p.m. on 9 May 2022 (the "**Record Date**") will be registered to determine members' entitlements to the Dividend. Subject as aforesaid, persons whose securities accounts with The Central Depository (Pte) Limited are credited with ordinary shares in the capital of the Company as at 5.00 p.m. on the Record Date will be entitled to the Dividend.

The Dividend, if approved by the shareholders at the Annual General Meeting, will be paid on 27 May 2022.

IMPORTANT NOTICE TO SHAREHOLDERS REGARDING THE CONDUCT OF THE COMPANY'S AGM ON FRIDAY, 29 APRIL 2022 AT 10.00 A.M.

Pursuant to the COVID-19 (Temporary Measures) (Alternative Arrangements for Meetings for Companies, Variable Capital Companies, Business Trusts, Unit Trusts and Debenture Holders) Order 2020 (as amended from time to time) ("**COVID-19 Order**"), Cordlife Group Limited (the "**Company**") will arrange for (i) a "live" webcast of the AGM, which allows Shareholders to view the proceedings of the AGM ("**LIVE WEBCAST**"); and (ii) a "live" audio feed of the AGM, which allows Shareholders to observe the proceedings of the AGM ("**AUDIO FEED**"). **Shareholders can ONLY participate in the AGM via LIVE WEBCAST or AUDIO FEED. The Company will not accept any physical attendance by Shareholders at the physical location of the AGM, and any Shareholder seeking to attend the AGM physically in person will be turned away.**

Shareholders should note the following procedures and/or instructions to participate in the AGM via LIVE WEBCAST or AUDIO FEED:

| | | |
|----|---------------------|--|
| 1. | Proxy Voting | <p>Voting at the AGM is by proxy ONLY. Shareholders who wish to vote on any or all of the resolutions at the AGM must appoint the Chairman of the AGM as your proxy to vote on your behalf by completing the proxy form attached to the Notice of AGM by downloading it from the Company's announcement on SGXNet or from the Company's investor relations website at https://cordlife.listedcompany.com/corporate_news.html. Shareholders should specifically indicate how they wish to vote for or vote against (or abstain from voting on) the resolutions set out in the Notice of AGM.</p> <p>Shareholders must submit the completed and signed proxy form appointing the Chairman of the AGM as proxy (i) by email to sg.is.proxy@sg.tricorglobal.com; or (ii) by post to the Company's Share Registrar, Tricor Barbinder Share Registration Services, 80 Robinsons Road #11-02, Singapore 068898, by 10.00 a.m. on Wednesday, 27 April 2022 (being not less than forty-eight (48) hours before the time fixed for the AGM). Any incomplete proxy form will be rejected by the Company.</p> <p>In light of the current COVID-19 situation and the related safe distancing measures, which may make it difficult for members of the Company to submit completed proxy forms by post, members of the Company are strongly encouraged to submit completed proxy forms electronically via email.</p> <p>For SRS investors who wish to appoint the Chairman of the AGM as their proxy, they should approach their respective SRS Operators to submit their votes by email to sg.is.proxy@sg.tricorglobal.com or post to the Company's Share Registrar, Tricor Barbinder Share Registration Services, 80 Robinsons Road #11-02, Singapore 068898 at least seven (7) working days before the AGM.</p> |
|----|---------------------|--|

NOTICE OF ANNUAL GENERAL MEETING

| | | |
|--|--|--|
| 2. | Registration to attend the AGM | <p>Shareholders who wish to attend the AGM can participate by registering at the link as follows:-</p> <p>https://www.conveneagm.sg/CordlifeGroup_AGM2022</p> <p>by 10.00 a.m. on Tuesday, 26 April 2022 (being not less than 72 hours before the time fixed for the AGM) (the “Registration Deadline”) to enable the Company to verify the Shareholders’ status. After the verification process, an email containing instructions to access both the LIVE WEBCAST and AUDIO FEED will be sent to authenticated Shareholders by 3.00 p.m. on Thursday, 28 April 2022.</p> <p>If the shareholders or their corporate representatives who have pre-registered by the Registration Deadline, but did not receive an email by 3.00 p.m. on Thursday, 28 April 2022, they may contact the Company for assistance at +65 62380808.</p> <p>Shareholders may attend the LIVE WEBCAST or AUDIO FEED via your smart phones, tablets or laptops/computers.</p> <p>Shareholders who wish to attend the AGM via LIVE WEBCAST or AUDIO FEED are reminded that the AGM is private. Invitations to attend the LIVE WEBCAST or AUDIO FEED shall not be forwarded to anyone who is not a Shareholder of the Company or who is not authorised to attend the LIVE WEBCAST or AUDIO FEED. Recording of the LIVE WEBCAST and AUDIO FEED in whatever form is also strictly prohibited.</p> <p>The Company would like to seek Shareholders’ understanding in the event of any technical disruptions during the LIVE WEBCAST and AUDIO FEED.</p> |
| 3. | Shareholders’ Questions and Answers (Q&A) | <p>Shareholders will not be able to ask questions at the AGM during the LIVE WEBCAST or AUDIO FEED. Therefore, it is important for shareholders to pre-register and submit their questions in advance of the AGM.</p> <p>Shareholders can submit their questions related to the resolutions to be tabled for approval at the AGM to the Chairman of the Meeting at the link as follows:-</p> <p>https://www.conveneagm.sg/CordlifeGroup_AGM2022</p> <p>Submission deadline for questions is by 6.00 p.m. on Wednesday, 20 April 2022 (7 calendar days from the publication of the Notice of AGM).</p> <p>Please note that substantial questions and relevant comments from Shareholders would be addressed by the Company (as may be determined by the Company at its sole discretion) and posted on SGXNet at least 48 hours before the deadline for submission of proxy forms at 10.00 a.m. on Wednesday, 27 April 2022. The Company will also address any subsequent clarifications sought, or follow-up questions, prior to, or at, the AGM in respect of substantial and relevant matters. The responses from the Board and management of the Company shall thereafter be published in the Company’s Minutes of the AGM on SGXNet and the Company’s website within one (1) month after the conclusion of the AGM.</p> <p>Shareholders who have been appointed as proxies by relevant intermediaries under Section 181(1C) of the Companies Act 1967 of Singapore, such as SRS investors, should approach their respective agents, such as SRS Operators, to submit their questions in relation to any resolution set out in the Notice of AGM prior to the AGM and have their substantial queries and relevant comments answered.</p> |
| 4. | Documents for the AGM | <p>Documents relating to the business of the AGM, which comprise the Company’s annual report for the financial year ended 31 December 2021, as well as the Letter to Shareholders dated 14 April 2022, this Notice of AGM, the disclosure of information on Directors seeking re-election, and the proxy form for the AGM (collectively, the “AGM Documents”), have been sent to members of the Company by electronic means via publication on SGXNet and the Company’s investor relations website at https://cordlife.listedcompany.com/corporate_news.html on 14 April 2022.</p> <p>Please note that printed copies of the AGM Documents will NOT be sent to members of the Company.</p> |
| <p>Due to the constantly evolving COVID-19 situation, the Company may be required to change its AGM arrangements at short notice. Shareholders are advised to check the Company’s website or announcements released on SGXNet for the latest updates on the status of the AGM.</p> | | |

“Personal data privacy:

By submitting an instrument appointing the Chairman of the Meeting to attend, speak and vote at the Annual General Meeting and/or any adjournment thereof, a member of the Company consents to the collection, use and disclosure of the member’s personal data by the Company (or its agents) for the purpose of the processing and administration by the Company (or its agents) of the appointment of the Chairman of the Meeting as proxy for the Annual General Meeting (including any adjournment thereof) and the preparation and compilation of the attendances lists, minutes and other documents relating to the Annual General Meeting (including any adjournment thereof), and in order for the Company (or its agent) to comply with any applicable laws, listing rules, regulations and/or guidelines.”

DISCLOSURE OF INFORMATION ON DIRECTORS SEEKING RE-ELECTION

Mr Joseph Wong Wai Leung, Ms Tan Poh Lan, Mr Cheong Tuck Yan Titus Jim, Ms Chen Xiaoling, Mr Yiu Ming Yiu and Mr Chow Wai Leong are the Directors seeking re-election at the forthcoming Annual General Meeting of the Company to be convened on 29 April 2022 (“AGM”) (collectively, the “Retiring Directors” and each a “Retiring Director”).

Pursuant to Rule 720(6) of the Listing Manual of the SGX-ST, the following is the information relating to the Retiring Directors as set out in Appendix 7.4.1 to the Listing Manual of the SGX-ST:

| Name of Director | Joseph Wong Wai Leung | Tan Poh Lan | Cheong Tuck Yan Titus Jim |
|---|--|--|---|
| Date of Appointment | 23 September 2014 | 28 February 2019 | 1 December 2021 |
| Date of last re-appointment | 12 June 2020 | 12 June 2020 | N/A |
| Age | 66 | 60 | 59 |
| Country of principal residence | Hong Kong | Singapore | Singapore |
| The Board’s comments on this appointment (including rationale, selection criteria, board diversity considerations, and the search and nomination process) | The Board opined that Mr Wong’s wealth of experience in the financial services industry will be beneficial to the Company. As an Independent Director of two other listed companies in Hong Kong, Mr Wong also brought with him different perspectives to the Board. Mr Wong has been one of the key Independent Directors serving on the Board contributing his independent views. He is willing to spend time with the Company in addition to the scheduled quarterly board meetings, and contributed actively and positively at all Board and Board Committees meetings. The Board opined that Mr Wong’s skills and experience are still relevant to the Company and recommended his re-election. | Ms Tan was appointed as an Executive Director and Group CEO of the Company on 28 February 2019. Prior to this position, she was the Group Chief Operating Officer of the Company. As the Group CEO, Ms Tan will oversee the Group’s operations and help implement the Group strategy. The Board recommended her re-election. | Mr Cheong has a wealth of experience working in the corporate finance and consultancy industry. Having previously worked as a Chief Financial Officer and as corporate advisor, he has offered perspectives drawn from his previous working experience and accumulated knowledge and skills. The Board recommended his re-election. |
| Whether appointment is executive, and if so, the area of responsibility | Non-Executive | Executive Responsible for the Group’s business operations and strategic planning. | Non-Executive |
| Job Title (e.g. Lead ID, AC Chairman, AC Member etc.) | Independent Director, Chairman of the Board, Chairman of the Audit Committee and member of Remuneration Committee | Executive Director and Group CEO | Independent Director, Member of the Audit and Risk Committee, Nominating Committee and Remuneration Committee |

DISCLOSURE OF INFORMATION ON DIRECTORS SEEKING RE-ELECTION

| Name of Director | Joseph Wong Wai Leung | Tan Poh Lan | Cheong Tuck Yan Titus Jim |
|---|---|--|---|
| Academic and/or Professional qualifications | Mr Wong holds a Bachelor of Commerce from the University of Calgary in Alberta, Canada. | Ms Tan Poh Lan holds a Master of Business Administration from National University of Singapore and graduated with Honours in Occupational Therapy from University of Queensland, Australia. | 1. Bachelor of Commerce, University of Toronto, Canada |
| Working experience and occupation(s) during the past 10 years | 1. June 2006 - June 2012: Credit Agricole (Suisse), Hong Kong | 1. February 2019 – Present (Cordlife Group Limited) – Executive Director and Group Chief Executive Officer 2. April 2016 – February 2019 (Cordlife Group Limited) – Group Chief Operating Officer 3. April 2016 – October 2016 (Cordlife Group Limited) – Executive Director and Group Chief Operating Officer 4. 2012-2015 (Fortis Healthcare Singapore) - Chief Executive Officer 5. 2011 – 2012 (Vinmec International Hospital, Hanoi, Vietnam) - Chief Executive Officer | 1. 2021 to current – Chief Financial Officer, Pasture Pharma Pte Ltd 2. 2017 to 2020 – Advisor/ Chief Financial Officer, Tuck Lee Family / Tuck Lee Ice Pte Ltd 3. 2015 to 2017 – Managing Director, Singapore, Renoir Capital Partners Ltd (UK) / Renoir Consulting Ltd (UK) 4. 2012 to 2015 – Director, Co-Chair Investment Committee, Singapore International Foundation 5. 2011 to 2012 – Senior Vice President, Singapore Medical Group Ltd 6. 2007 to 2011 – Foundation Secretary, Putera Sampoerna Foundation, Indonesia 7. 2004 to 2007 – Director/ Regional Head, Hewlett-Packard Asia-Pacific |
| Shareholding interest in the listed issuer and its subsidiaries | No | Direct interest: 791,780 ordinary shares in Cordlife Group Limited | No |
| Any relationship (including immediate family relationships) with any existing director, existing executive officer, the issuer and/ or substantial shareholder of the listed issuer or of any of its principal subsidiaries | No | No | No |
| Conflict of Interest (including any competing business) | No | No | No |

DISCLOSURE OF INFORMATION ON DIRECTORS SEEKING RE-ELECTION

| Name of Director | Joseph Wong Wai Leung | Tan Poh Lan | Cheong Tuck Yan Titus Jim |
|---|--|--|--|
| Undertaking (in the format set out in Appendix 7.7) under Rule 720(1) has been submitted to the listed issuer | Yes | Yes | Yes |
| Other Principal Commitments Including Directorships Past (for the last 5 years) Present | <p><u>Past (for the last 5 years)</u></p> <p>1. BORQS International Holding Corporation</p> <p><u>Present</u></p> <p>1. Goldin Financial Holdings Limited</p> <p>2. Fulum Group Holdings Limited</p> | <p><u>Past (for the last 5 years)</u></p> <p>NIL.</p> <p><u>Present</u></p> <p>1. Cordlife Technologies Pte. Ltd.</p> <p>2. CS Cell Technologies Pte. Ltd.</p> <p>3. Stemlife Berhad</p> <p>4. PT Cordlife Persada</p> <p>5. Cordlife Sciences (India) Pvt. Ltd.</p> <p>6. Cordlife Medical Phils, Inc</p> <p>7. Cordlife Stem Cell Technology Limited</p> <p>8. Cordlife Hong Kong Limited</p> <p>9. Healthbaby Biotech (Hong Kong) Co., Limited</p> <p>10. Healthbaby Biotech (Macau) Co., Limited</p> <p>11. Shanghai Cordlife Biomedical Research Co. Ltd.</p> | <p><u>Past (for the last 5 years)</u></p> <p>1. Redev Properties Asia Pte Ltd</p> <p><u>Present</u></p> <p>1. Mercy Relief Limited</p> |

DISCLOSURE OF INFORMATION ON DIRECTORS SEEKING RE-ELECTION

| Name of Director | Chen Xiaoling | Yiu Ming Yiu | Chow Wai Leong |
|---|--|---|---|
| Date of Appointment | 1 December 2021 | 1 December 2021 | 1 December 2021 |
| Date of last re-appointment | N/A | N/A | N/A |
| Age | 31 | 34 | 54 |
| Country of principal residence | China | Singapore | Singapore |
| The Board's comments on this appointment (including rationale, selection criteria, board diversity considerations, and the search and nomination process) | Ms Chen is a nominee director of Nanjing Xinjiekou Department Store Co., Ltd. ("NJXJK"), a substantial shareholder of the Company. Ms Chen oversees the healthcare business segment of NJXJK, which includes stem cell banking, cell immunotherapy, diagnostics, digital healthcare, hospital management, as well as eldercare and healthcare at home. The Board opined that Ms Chen's experience in managing healthcare businesses would be beneficial to the Company. The Board recommended her re-election. | Mr Yiu is a nominee director of TransGlobal Real Estate Group Limited ("TransGlobal"), a substantial shareholder of the Company. The Board opined that Mr Yiu's experience in investment, management, and the factoring business would be beneficial to the Company. The Board recommended his re-election. | Mr Chow is a nominee director of TransGlobal, a substantial shareholder of the Company. The Board opined that Mr Chow's experience in business development would be beneficial to the Company. The Board recommended his re-election. |
| Whether appointment is executive, and if so, the area of responsibility | Non-Independent Non-Executive | Non-Independent Non-Executive | Non-Independent Non-Executive |
| Job Title (e.g. Lead ID, AC Chairman, AC Member etc.) | Non-Independent Non-Executive Director and Member of the Remuneration Committee | Non-Independent Non-Executive Director and Member of the Audit and Risk Committee | Non-Independent Non-Executive Director and Member of the Remuneration Committee |
| Academic and/or Professional qualifications | <ol style="list-style-type: none"> 1. Master's Degree, University of Bath 2. Bachelor of English Literature and Culture, Southwestern University of Science and Technology | <ol style="list-style-type: none"> 1. Master's in Business Administration, Peking University, Guanghua School of Management 2. Business Information Technology, Ngee Ann Polytechnic | <ol style="list-style-type: none"> 1. Executive MBA, Beijing University, Guanghua School of Management 2. Bachelor of Engineering (Electrical & Electronics), Nanyang Technological University, Singapore |

DISCLOSURE OF INFORMATION ON DIRECTORS SEEKING RE-ELECTION

| Name of Director | Chen Xiaoling | Yiu Ming Yiu | Chow Wai Leong |
|--|---|---|--|
| Working experience and occupation(s) during the past 10 years | <ol style="list-style-type: none"> 1. 2017 to current - Senior Business Assistant to Chairman and Senior Director of Strategy Department in Immune-therapy and Stem Cell Business Unit of Nanjing Xinjiekou Department Store Co., Ltd 2. 2015 to 2017 - Senior Director, International Affairs Department, Sanpower Group 3. 2014 to 2015 - Project Manager, Sino-bridge, London | <ol style="list-style-type: none"> 1. March 2017 to current – Chairman, Everest-Fortune (China) Commercial Factoring Co., Ltd. 2. July 2015 to current – Vice Chairman, TransGlobal Group (International) Limited 3. November 2014 to June 2015 – Business Analyst, Investment Banking Division (TMT), CCB International (Holdings) Limited 4. April 2013 to June 2013 – Management Consultant Integrative Consulting Project, Peking University Guanghua School of Management 5. December 2012 to February 2013 – Winter Analyst, Investment Banking Division, MacQuarie Capital (Hong Kong) Limited 6. November 2010 to August 2012 – Acting Platoon Sergeant, Security, Singapore Armed Forces | <ol style="list-style-type: none"> 1. May 2012 to current – General Manager, Business Development, Honeywell Building Technologies / Sensing & Productivity Solutions 2. January 2010 to April 2012 – Advanced Solution Sales Leader, Honeywell Process Solutions, China |
| Shareholding interest in the listed issuer and its subsidiaries | No | No | No |
| Any relationship (including immediate family relationships) with any existing director, existing executive officer, the issuer and/or substantial shareholder of the listed issuer or of any of its principal subsidiaries | No | Mr Yiu is the son of Mr Yiu Chi Shing, who is an indirect controlling shareholder of Cordlife Group Limited through his company, TransGlobal Real Estate Group Limited. | No |
| Conflict of Interest (including any competing business) | No | No | No |
| Undertaking (in the format set out in Appendix 7.7) under Rule 720(1) has been submitted to the listed issuer | Yes | Yes | Yes |

DISCLOSURE OF INFORMATION ON DIRECTORS SEEKING RE-ELECTION

| Name of Director | Chen Xiaoling | Yiu Ming Yiu | Chow Wai Leong |
|---|---|---|--|
| Other Principal Commitments Including Directorships | Past (for the last 5 years) N.A. | Past (for the last 5 years) N.A. | Past (for the last 5 years) N.A. |
| Past (for the last 5 years) | Present | Present | Present |
| Present | <ol style="list-style-type: none"> Qilu Stem Cell Engineering Co. Ltd. Find Biotech | <ol style="list-style-type: none"> The New China Hong Kong Highway Limited China Expressways Company Limited Fareast Allied Investment Limited Geranium Ventures Limited Hadrian Assets Limited Pushkin Enterprises Limited Sinosmart Limited Everest-Fortune (China) Commercial Factoring Co., LTD Jia Ming Investment Holdings Company Limited Jia Yao Investment Holdings Company Limited Orient Venuse Corporation | N.A. |

| Name of Director | Joseph Wong Wai Leung | Tan Poh Lan | Cheong Tuck Yan Titus Jim | Chen Xiaoling | Yiu Ming Yiu | Chow Wai Leong |
|--|---|-------------|---------------------------|---------------|--------------|----------------|
| Disclose the following matters concerning an appointment of director, chief executive officer, chief financial officer, chief operating officer, general manager or other officer of equivalent rank. If the answer to any question is "yes", full details must be given. | | | | | | |
| a) | Whether at any time during the last 10 years, an application or a petition under any bankruptcy law of any jurisdiction was filed against him or against a partnership of which he was a partner at the time when he was a partner or at any time within 2 years from the date he ceased to be a partner? | | | | | No |
| b) | Whether at any time during the last 10 years, an application or a petition under any law of any jurisdiction was filed against an entity (not being a partnership) of which he was a director or an equivalent person or a key executive, at the time when he was a director or an equivalent person or a key executive of that entity or at any time within 2 years from the date he ceased to be a director or an equivalent person or a key executive of that entity, for the winding up or dissolution of that entity or, where that entity is the trustee of a business trust, that business trust, on the ground of insolvency? | | | | | No |
| c) | Whether there is any unsatisfied judgment against him? | | | | | No |
| d) | Whether he has ever been convicted of any offence, in Singapore or elsewhere, involving fraud or dishonesty which is punishable with imprisonment, or has been the subject of any criminal proceedings (including any pending criminal proceedings of which he is aware) for such purpose? | | | | | No |

DISCLOSURE OF INFORMATION ON DIRECTORS SEEKING RE-ELECTION

| Name of Director | Joseph Wong Wai Leung | Tan Poh Lan | Cheong Tuck Yan Titus Jim | Chen Xiaoling | Yiu Ming Yiu | Chow Wai Leong |
|------------------|---|-------------|---------------------------|---------------|--------------|----------------|
| e) | Whether he has ever been convicted of any offence, in Singapore or elsewhere, involving a breach of any law or regulatory requirement that relates to the securities or futures industry in Singapore or elsewhere, or has been the subject of any criminal proceedings (including any pending criminal proceedings of which he is aware) for such breach? | | | | | No |
| f) | Whether at any time during the last 10 years, judgment has been entered against him in any civil proceedings in Singapore or elsewhere involving a breach of any law or regulatory requirement that relates to the securities or futures industry in Singapore or elsewhere, or a finding of fraud, misrepresentation or dishonesty on his part, or he has been the subject of any civil proceedings (including any pending civil proceedings of which he is aware) involving an allegation of fraud, misrepresentation or dishonesty on his part? | | | | | No |
| g) | Whether he has ever been convicted in Singapore or elsewhere of any offence in connection with the formation or management of any entity or business trust? | | | | | No |
| h) | Whether he has ever been disqualified from acting as a director or an equivalent person of any entity (including the trustee of a business trust), or from taking part directly or indirectly in the management of any entity or business trust? | | | | | No |
| i) | Whether he has ever been the subject of any order, judgment or ruling of any court, tribunal or governmental body, permanently or temporarily enjoining him from engaging in any type of business practice or activity? | | | | | No |
| j) | <p>Whether he has ever, to his knowledge, been concerned with the management or conduct, in Singapore or elsewhere, of the affairs of:-</p> <ul style="list-style-type: none"> i. any corporation which has been investigated for a breach of any law or regulatory requirement governing corporations in Singapore or elsewhere; or ii. any entity (not being a corporation) which has been investigated for a breach of any law or regulatory requirement governing such entities in Singapore or elsewhere; or iii. any business trust which has been investigated for a breach of any law or regulatory requirement governing business trusts in Singapore or elsewhere; or iv. any entity or business trust which has been investigated for a breach of any law or regulatory requirement that relates to the securities or futures industry in Singapore or elsewhere in connection with any matter occurring or arising during that period when he was so concerned with the entity or business trust? | | | | | No |
| k) | Whether he has been the subject of any current or past investigation or disciplinary proceedings, or has been reprimanded or issued any warning, by the Monetary Authority of Singapore or any other regulatory authority, exchange, professional body or government agency, whether in Singapore or elsewhere? | | | | | No |

Proxy Form



(Registration Number: 200102883E)

(Incorporated in the Republic of Singapore on 2 May 2001)

ANNUAL GENERAL MEETING

(You are advised to read the notes overleaf before completing this form)

IMPORTANT

1. The Annual General Meeting ("AGM") is being convened, and will be held, by way of electronic means pursuant to the COVID-19 (Temporary Measures) (Alternative Arrangements for Meetings for Companies, Variable Capital Companies, Business Trusts, Unit Trusts and Debenture Holders) Order 2020 ("COVID-19 Order"). Printed copies of the Company's annual report, Letter to Shareholders dated 14 April 2022, the Notice of AGM, the disclosure of information on Directors seeking re-election, and this proxy form for the AGM (collectively, the "AGM Documents") will NOT be sent to members of the Company. Instead, the AGM Documents, including the Notice of AGM, will be sent to members of the Company by electronic means via publication on SGXNet and the Company's investor relations website at https://cordlife.listedcompany.com/corporate_news.html.
2. Alternative arrangements relating to attendance at the Meeting via electronic means (including arrangements by which the Meeting can be electronically via live webcast and live audio feed), submission of questions in advance of the Meeting, addressing of substantial queries and relevant comments, prior to, or at, the Meeting and voting by appointing the Chairman of the Meeting as proxy at the Meeting, are set out in the Notice of AGM.
3. Due to the current COVID-19 restriction orders in Singapore, a member of the Company will not be able to attend the Meeting in person. A member of the Company (whether individual or corporate) must appoint the Chairman of the Meeting as their proxy to attend, speak and vote on their behalf at the Meeting if such member wishes to exercise their voting rights at the Meeting. The accompanying proxy form for the AGM may be downloaded from SGXNet and at the Company's investor relations website at https://cordlife.listedcompany.com/corporate_news.html.

I/We* _____ (Name(s)) and NRIC/Passport/Co. Reg. No. _____

of _____ (Address)

being a member/members* of Cordlife Group Limited (the "Company"), hereby appoint:

the Chairman of the meeting as my/our proxy/proxies to attend and to vote for me/us on my/our behalf, at the Annual General Meeting ("AGM") of the Company to be held by electronic means (via live webcast and live audio feed) on Friday, 29 April 2022 at 10.00 a.m. (Singapore time) and at any adjournment thereof. I/We direct my/our proxy/proxies to vote for or against or abstain the resolutions to be proposed at the AGM as indicated hereunder.

Note: In the absence of specific directions in respect of a resolution, the appointment of the Chairman of the Meeting as your proxy for that resolution will be treated as invalid.

| No. | Ordinary Resolutions Relating to: | No. of Votes # For | No. of Votes # Against | No. of Votes # Abstained |
|-----|--|-----------------------|---------------------------|-----------------------------|
| | Ordinary Business | | | |
| 1. | Audited Financial Statements of the Company for the financial year ended 31 December 2021 together with the Directors' Statement and Auditors' Report thereon. | | | |
| 2. | Re-election of Mr Joseph Wong Wai Leung as a director. | | | |
| 3. | Re-election of Ms Tan Poh Lan as a director. | | | |
| 4. | Re-election of Mr Cheong Tuck Yan Titus Jim as a director. | | | |
| 5. | Re-election of Ms Chen Xiaoling as a director. | | | |
| 6. | Re-election of Mr Yiu Ming Yiu as a director. | | | |
| 7. | Re-election of Mr Chow Wai Leong as a director. | | | |
| 8. | Payment of a final tax exempt (1-tier) dividend of S\$0.009 per ordinary share for the financial year ended 31 December 2021. | | | |
| 9. | Directors' fees of up to S\$450,000 for the Directors for the financial year ending 31 December 2022, payable quarterly in arrears. | | | |
| 10. | Additional Director's fee of up to S\$200,000 for Dr Ho Choon Hou for the financial year ending 31 December 2022, payable quarterly in arrears. | | | |
| 11. | Re-appointment of Messrs KPMG LLP as Auditors of the Company. | | | |
| | Special Business | | | |
| 12. | Authority to Directors to allot and issue shares. | | | |
| 13. | Authority to grant share awards and to issue shares under the Cordlife Share Grant Plan. | | | |
| 14. | Proposed Renewal of the Share Purchase Mandate. | | | |

* Delete accordingly

If you wish to exercise all your votes "For" or "Against", please mark an "X" within the box provided. Alternatively, please indicate the number of votes as appropriate. If you mark "X" in the abstain box for a particular resolution, you are directing your proxy not to vote on that resolution.

Dated this _____ day of _____ 2022

| Total number of Shares in: | No. of Shares |
|----------------------------|---------------|
| (a) CDP Register | |
| (b) Register of Members | |

Signature of member(s)

or, Common Seal of Corporate Shareholder

IMPORTANT: PLEASE READ NOTES TO PROXY FORM OVERLEAF

Notes:-

1. A member should insert the total number of shares held. If the member has shares entered against his name in the Depository Register (as defined in Section 81SF of the Securities and Futures Act 2001 of Singapore, he should insert that number of shares. If the member has shares registered in his name in the Register of Members of the Company, he should insert the number of shares. If the member has shares entered against his name in the Depository Register and shares registered in his name in the Register of Members of the Company, he should insert the aggregate number of shares. If no number is inserted, this form of proxy will be deemed to relate to all the shares held by the member of the Company.
2. Pursuant to the COVID-19 Order, the AGM of the Company will be held by electronic and audio means and a member of the Company will not be able to attend the Meeting in person. A member of the Company (whether individual or corporate) must appoint the Chairman of the Meeting as their proxy to attend, speak and vote on their behalf at the Meeting if such member wishes to exercise their voting rights at the Meeting. This proxy form has been made available on SGXNet and at the Company's investor relations website at https://cordlife.listedcompany.com/corporate_news.html. Printed copies of the AGM Documents, including this proxy form will NOT be despatched to members.
3. The instrument appointing proxy or proxies, together with the power of attorney or other authority (if any) under which it is signed, or notarially certified copy thereof, must be deposited: (i) by email to sg.is.proxy@sg.tricorglobal.com; or (ii) by post to the Company's Share Registrar, Tricor Barbinder Share Registration Services, 80 Robinsons Road #11-02, Singapore 068898, by 10.00 a.m. on Wednesday, 27 April 2022 (being not less than forty-eight (48) hours before the time fixed for the AGM).
4. The instrument appointing the Chairman of the Meeting as a proxy must be under the hand of the appointor or his attorney duly authorised in writing. Where the instrument appointing the Chairman of the Meeting as a proxy is executed by a corporation, it must be executed under its common seal or under the hand of its attorney or duly authorised officer.
5. The Company shall be entitled to reject the instrument appointing the Chairman of the Meeting as a proxy if it is incomplete, improperly completed or illegible or where the true intentions of the appointor are not ascertainable from the instructions of the appointor specified in the instrument appointing the Chairman of the Meeting as a proxy. In addition, in the case of members of the Company whose shares are entered against their names in the Depository Register, the Company may reject any instrument appointing the Chairman of the Meeting as a proxy lodged if such members are not shown to have shares entered against their names in the Depository Register seventy-two (72) hours before the time appointed for holding the Annual General Meeting as certified by The Central Depository (Pte) Limited to the Company.
6. A Depositor shall not be regarded as a member of the Company entitled to attend the Annual General Meeting and to speak and vote thereat unless their name appears on the Depository Register seventy-two (72) hours before the time set for the Annual General Meeting.
7. An investor who buys shares using CPF monies ("CPF Investor") and/or SRS monies ("SRS Investor") (as may be applicable) who wish to appoint the Chairman of the Meeting as their proxy, they should approach their respective SRS Operators to submit their votes by email to sg.is.proxy@sg.tricorglobal.com or post to the Company's Share Registrar, Tricor Barbinder Share Registration Services, 80 Robinsons Road #11-02, Singapore 068898 at least seven (7) working days before the AGM.

"Personal data privacy:

By submitting an instrument appointing the Chairman of the Meeting to attend, speak and vote at the Annual General Meeting and/or any adjournment thereof, a member of the Company consents to the collection, use and disclosure of the member's personal data by the Company (or its agents) for the purpose of the processing and administration by the Company (or its agents) of the appointment of the Chairman of the Meeting as proxy for the Annual General Meeting (including any adjournment thereof) and the preparation and compilation of the attendances lists, minutes and other documents relating to the Annual General Meeting (including any adjournment thereof), and in order for the Company (or its agent) to comply with any applicable laws, listing rules, regulations and/or guidelines.