

# Cordlife Group Limited

7 May 2021

## Non-Rated Initiation

**Price: S\$0.360** (as at 6 May 2021)

<b>BBG</b>	CLGL SP
<b>Market cap</b>	S\$91.9 million
<b>Price (6 May 2021)</b>	S\$0.360
<b>52-week range</b>	S\$0.320 – S\$0.420
<b>Target Price</b>	Non-rated
<b>Shares Outstanding</b>	255.3 million
<b>Free Float</b>	34.4%
<b>Major Shareholder</b>	Nanjing Xinjiekou Dep 20.3% Full Day Limited 16.2% Sincere View Intl 11.8% China Stem Cells East Co Ltd 10.0%
<b>P/BV (12/20)</b>	0.7x
<b>Net debt to EBITDA (12/20)</b>	Net cash

Source: Company data, Bloomberg, SAC Capital

### Analyst

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## Lifeguarding your child's future

**Cordlife is a leading company in private cord blood and cord lining banking services in Singapore and Hong Kong.** It also has market presence in Indonesia, India, Malaysia and the Philippines. Complementary to that, its diagnostics services segment include prenatal testing, newborn metabolic screening and paediatric vision screening services. The Group also recently announced OptiQ, which is the cryopreservation of corneal lenticules.

**Bottomline lifted by government grants and lower taxes.** Revenue decreased by 17.8% yoy to S\$50.6 million in FY2020 due to tightening of spending and movement restrictions, which impeded transportation of samples to their laboratories. This resulted in a 23.2% decrease in the new samples processed and stored from 26,700 in FY2019 to 20,500 in FY2020. This was slightly mitigated by its diagnostics and other services segment, which grew 69.8% yoy to S\$2.8 million, due to an increase in pre-natal testing services offered.

Net profit was up 1.2%, lifted by lower selling and marketing expense, lower taxes (13.3% of PBT vs. 20.5% of PBT) and higher government grants in Singapore, Hong Kong and Malaysia, which totalled S\$2.1 million. Gross margin decreased to 62.7% in FY2020 (FY2019: 64.5%).

**Strategic move into OptiQ corneal lenticule storage.** Myopia affects 82% of the 20-year-olds in Singapore, and nearly half of the world is expected to be affected by 2050. OptiQ, or the banking of corneal lenticules for potential future use, gives the Group a first-mover advantage to pioneer this technology in Asia. Cordlife is the exclusive license holder of the patent by SingHealth.

We like Cordlife for its high net cash position of S\$48.1 million, which puts them in a good position for M&A opportunities, a key growth driver. Total debt/equity is 3.0%. We believe the rising income levels in key markets and the Group's expanding footprint are other growth drivers.

**Key risks:** Declining birth rate, competition in key markets

## Key Financials

Year ended 31 Dec*	FY2016	FY2017	FY2018	FY2019	FY2020
Revenue (S\$'000)	59,627	59,962	90,497	61,579	50,616
EBIT (S\$'000)	13,607	-1,696	5,818	8,436	7,892
Net profit (S\$'000)	12,329	-2,572	2,665	6,471	6,547
Basic EPS (S cents)	4.75	-0.99	1.05	2.55	2.57
Dividend per share (S cents)	-	0.50	0.80	0.40	1.00
Net cash / (debt)	112,558	29,832	9,666	30,274	48,149
<b>Valuation</b>					
EBIT margin (%)	22.8	-2.8	6.4	13.7	15.6
ROIC (%)	13.2	-2.3	2.0	4.9	5.2
EV/EBITDA (x)	-2.1	28.2	5.2	3.8	2.0
P/E (x)	7.9	-37.9	36.6	15.1	14.9
Dividend yield (%)	-	1.4	2.2	1.1	2.8

\* Due to a change in year end, figures are not fully comparable.

\* FY2016 and FY2017 ended 30/06, FY2018 figures reported 01/07/17 - 31/12/18 financials, and FY2019 and FY2020 years ended 31/12.

## Investment Highlights

### Lifeguarding your child's future

Cordlife is a leading company in private cord blood and cord lining banking services in Singapore and Hong Kong. It also has market presence in Indonesia, India, Malaysia and the Philippines. Complementary to that, its diagnostics services segment include prenatal testing, newborn metabolic screening and paediatric vision screening services. The Group also recently announced OptiQ, which allows patients undergoing certain LASIK surgery to cryopreserve their corneal lenticules for potential future use.

### Banking segment

The banking segment makes up the bulk of the Group's revenue at 94.5%. Under the banking segment, Cordlife will enter into a contract with the parent to store the baby's cord blood/lining until 21 years of age. Subsequently, as the child turns into a legal adult, he/she can choose to extend the term of their storage.

Customers/mothers can choose between either the 1) full payment plan, or 2) upfront fee + annual payment plan for their cord banking services.

### New sign ups

At the point of signing up, a fixed cost in the form of upfront payment will be recognised as processing revenue. This upfront payment makes up roughly ~25% of the total payment for a child over the course of the contract.

New sign ups in FY2020 (20,500) decreased from FY2019 (26,700). Cord banking revenue dropped from S\$60.0 million in FY2019 to S\$47.8 million in FY2020. Based on these information, we calculated upfront payment to be around ~S\$1962 on average per new sign up. This is an average blended figure across their six markets, although some markets would have lower price plans. Based on these assumptions and estimates alone, processing revenue is calculated to be around S\$36.2~S\$40.2 million in revenue in FY2020.

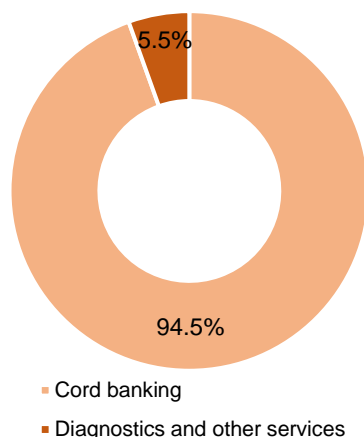
### Recurring income

The remaining revenue from the banking service is recognised as storage revenue, which makes up the recurring income. Cordlife collects ~\$250/baby per year for storage of the samples. Over the next 20 years, this forms the remaining ~75% of the contract revenue.

### Finance income on contract assets

The contract assets primarily relate to the unbilled portion of the payments relating to storage. Finance income on contract assets is based on the unpaid portion of the storage revenue and an assumed interest rate. In FY2020, finance income from contract assets was S\$8.4 million (FY2019: S\$8.3 million). Finance income from contract assets can be seen as a recurring income.

FY2020 Revenue



Source: Company Data, SAC Capital

Segment Revenue (S\$'000)	FY2020	FY2019
Cord banking	47,842	60,009
Other services	2,774	1,570
<b>Total</b>	<b>50,616</b>	<b>61,579</b>

Source: Company Data, SAC Capital

## Investment Highlights

### Diagnostics segment

The diagnostics segment, although having a lower gross margin, complement the banking segment and serves as an additional revenue stream for the Group. This segment makes up 5.5%, or S\$2.8 million, of the total FY2020 revenue.

### **FY2020 revenue hit with lower new sign ups**

Revenue decreased by 17.8% yoy from S\$61.6 million in FY2019 to S\$50.6 million in FY2020 despite being classified as essential services during the Covid-19 period. This was due to the general tightening of spending in the economy and movement restrictions. As Cordlife also processes samples from outside their six markets, these restrictions made service delivery challenging. This resulted in a 23.2% decrease in the new samples processed and stored from 26,700 in FY2019 to 20,500 in FY2020.

Net profit to owners was up marginally, increasing 1.2%, held up by lower selling and marketing expense, lower taxes (13.3% of PBT vs. 20.5% of PBT) and higher government grants in Singapore, Hong Kong and Malaysia, which totalled S\$2.1 million. We expect government grants to decrease this year.

### **OptiQ – Venturing into corneal lenticule storage**

Cordlife announced in March 2021 that they would be providing a new banking service, OptiQ, which is the banking of corneal lenticules. OptiQ allows myopic and astigmatic patients undergoing refractive eye surgery using lenticule extraction method (e.g. SMILE) to cryopreserve their lenticules for potential future use. Cordlife holds the exclusive patent to the technology behind OptiQ.

As the technology is in the clinical trial stage, we do not expect significant contribution to the topline in this FY. However, we expect the revenue from OptiQ to increase gradually over the next few years with higher awareness from the public of the potential future benefits.

### **Ramping up on marketing channels**

LIFE Sprouts is an enrichment initiative by the Group that aims to teach mothers more about pregnancy, and also has prenatal care and postnatal care classes. On the digital healthcare front, the Group's mobile application "Moms Up" serves to provide parenting resources on conception and pregnancy. It is currently rolled out in Indonesia and the Philippines, and would be available in more countries.

These initiatives, on top of educating parents on pregnancy, also aims to inform parents on potential benefits on cord banking, and allow parents to know more about Cordlife's other services.

### **Business Overview:**

Cordlife's main business is in providing private cord blood and cord lining banking services. Complementary to that, its diagnostics services segment include prenatal testing, newborn metabolic screening and paediatric vision screening services. The Group is present in 6 markets in Asia, namely: Singapore, Hong Kong, Indonesia, India, Malaysia and the Philippines.

## Company Background

Established in May 2001, Cordlife Group Limited (“Cordlife, or the “Group”) is a leading company in private cord blood and cord lining banking services in Asia.

Cordlife owns the largest network of cord blood banks in Asia with full stem cell banking laboratories in six key markets: Singapore, Hong Kong, Indonesia, India, Malaysia and the Philippines. Cordlife has also expanded its presence to Myanmar and Vietnam in 2017 as well as Bangladesh in 2019 through its marketing agents.

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

## Business Segments

### Banking

The banking segment comprises of cord blood, cord lining and cord tissue services. Cord blood, cord lining and cord tissue are collected, processed and stored in the various laboratories in the regions that the Group operates in.

Cordlife announced in March 2021 a new banking service, OptiQ, which is the banking of corneal lenticule. OptiQ allows myopic and astigmatic patients undergoing refractive eye surgery using lenticule extraction method (e.g. SMILE) to cryopreserve their lenticules for potential future use. The technology behind OptiQ was invented by Singapore Eye Research Institute and patented by SingHealth, and Cordlife is the exclusive license holder of this patent.

### Diagnostics

The diagnostics segment comprises non-invasive prenatal testing, newborn metabolic screening and paediatric vision screening services. Cordlife offers a comprehensive suite of diagnostics services for the family, including urine-based newborn metabolic screening, non-invasive prenatal testing, paediatric vision screening and family genetic screening services.

## Industry Overview








### Preserving the baby’s cord blood

Cord blood is the blood from the umbilical cord that is left after childbirth, and the storage of it can allow the child to meet possible future needs. The blood stem cells within the cord blood would be used for stem cell transplants for patients who need it, such as for certain blood disorders or cancers.

According to the Ministry of Social and Family Development (MSF), a private cord blood bank like Cordlife allows exclusive rights to only the child to access the cord blood. A public cord blood bank however, works like a donation, and for patients that require a stem cell transplant but do not have a donor, a public cord blood bank can be used to find a perfect or partial match.

Biggest cord blood banks in key markets	
Singapore cord blood bank (SCBB)	Public/Private
Cordlife	Private (Singapore’s and Hong Kong’s largest)
Stemcord	Private
Cryoviva	Private
LifeCell	Private (India’s largest)

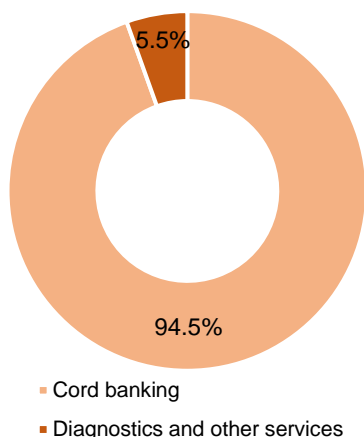
Despite the competition in the market, Cordlife’s international accreditations put them as a reputable player in the market. As storage is for length of 21 years and potentially more, reputation, accreditations and track record come as important factors.

						
<b>Cordlife Singapore</b>	<b>Cordlife Hong Kong</b>	<b>Healthbaby Hong Kong</b>	<b>Cordlife India</b>	<b>Cordlife Philippines</b>	<b>Cordlife Indonesia</b>	<b>Stemlife Malaysia</b>
AABB FACT GDPMD MOH	AABB CAP	AABB FACT CAP	AABB CAP NABL DCGI	AABB ISO9001:2015 DOH	AABB ISO9001:2015 MOH	AABB ISO15189 NEBB MOH

## Financial Summary

### FY2020 revenue hit with lower new sign ups

#### FY2020 Revenue



Source: Company Data, SAC Capital

Revenue decreased by 17.8% yoy from S\$61.6 million in FY2019 to S\$50.6 million in FY2020 despite being classified as essential services during the Covid-19 period. Apart from the tightening of spending during the pandemic, the drop was also attributable to the movement restrictions.

As Cordlife also processes samples from outside their six markets by transporting the samples to one of their labs, the movement limitations made service delivery challenging, which impeded sales. This resulted in a 23.2% decrease in the new samples processed and stored from 26,700 in FY2019 to 20,500 in FY2020. The decrease in revenue due to the decline in new samples stored was slightly mitigated by the conversion of more clients to higher value price plans mainly in Singapore and the Philippines.

While cord banking segment's revenue waned, diagnostics and other services segment grew 69.8% yoy to S\$2.8 million, due to the increase in pre-natal testing services offered by the Group.

Net profit was up marginally, increasing 1.2%, held up by lower selling and marketing expense, lower taxes (13.3% of PBT vs. 20.5% of PBT) and higher government grants in Singapore, Hong Kong and Malaysia, which totalled S\$2.1 million. We expect government grants to decrease this year as Singapore recovers from Covid-19.

Gross margin decreased to 62.7% in FY2020 (FY2019: 64.5%) with lower share of revenue from the higher-margined cord banking segment.

Segment Revenue (\$'000)	FY2020	FY2019
Cord banking	47,842	60,009
Other services	2,774	1,570
<b>Total</b>	<b>50,616</b>	<b>61,579</b>

Source: Company Data, SAC Capital

### Finance income from contract assets

The contract assets primarily relate to the unbilled portion of the payments relating to storage. The contract assets are transferred to trade receivables when the rights become unconditional, i.e when the Group invoices the customer. Finance income is deemed to be received on the contract assets, and is based on the Group's assumed interest rate. In FY2020, finance income from contract assets was S\$8.4 million (FY2019: S\$8.3 million). Finance income from contract assets can be treated as a recurring income.

### Net cash

Including fixed deposits, the Group is in a net cash position of S\$48.1 million. Total debt/equity is 3.0%. The high cash amounts puts Cordlife in a good position for investment activities when potential M&A opportunities come up.

## **Growth Outlook**

### **Diagnostics services as an extension to banking services**

In its bid to increase customer lifetime value, the Group had introduced add-on testing services for cord blood banking. They are also marketing their diagnostics services (non-invasive prenatal testing (NIPT) and family genetic testing, noninvasive newborn metabolic screening, and paediatric vision screening) through their existing channels.

Although gross margins of diagnostics services are lower with higher competition in the market, we believe it is a value-added extension to their core banking services. In FY2020, diagnostics and other services segment grew 69.8% yoy to S\$2.8 million. Although it remained a small contributor to overall revenue at 5.5%, we believe in the growth of this segment.

With the increased average age of pregnant women globally, NIPT is able to detect any abnormalities in the foetus before childbirth. According to Fortune Business Insights, the global NIPT market size was US\$3.48 billion in 2020, and is projected to grow at a CAGR of 18.1% from 2021-2028 to reach US\$13.16 billion.

### **Riding on medical trends: OptiQ corneal lenticule storage**

Myopia affects 82% of the 20-year-olds in Singapore, making it one of the highest in East Asia. According to a systematic review from Brien Holden Vision Institute, nearly half of the world is expected to be affected by 2050, a sharp increase from 28% in 2010. This is largely driven by modern lifestyle changes and proliferation of technological devices usage.

The Ministry of Health has issued a licence permitting Cordlife to launch OptiQ, a corneal lenticule banking service in Singapore in March 2021. This makes Cordlife the first company in Asia to let patients undergoing refractive eye surgery using lenticule extraction method (e.g. ReLEx SMILE) for myopia or astigmatism, cryopreserve their corneal lenticules for potential treatment of presbyopia and other ocular conditions in the future. The technology behind OptiQ was invented by Singapore Eye Research Institute and patented by SingHealth, and Cordlife is the exclusive license holder of this patent.

ReLEx SMILE (Refractive Lenticule Extraction, Small Incision Lenticule Extraction) is a bladeless, more gentle and flapless laser vision correction. This makes it less invasive with shorter procedure and recovery time. Though tagged with a higher cost than other forms of LASIK, we believe that the reduced post-surgery discomfort may increase the take up rate of ReLEx SMILE procedure.



## Growth Outlook

### Expanding footprint in Asia

Cordlife owns the largest network of cord blood banks in Asia with full stem cell banking laboratories in six key markets, namely: Singapore, Hong Kong, Indonesia, India, Malaysia and the Philippines.

Cordlife has also expanded its presence to Myanmar, Vietnam and Bangladesh through its marketing agents. This means that currently, the storage for Myanmar and Vietnam customers are in Singapore, and Bangladesh's is in India.

Though we expect the higher-income countries would in general give higher gross margins, we believe it would be strategic for Cordlife set up laboratories in Myanmar, Vietnam and Bangladesh since they possess an understanding of these markets. Diagnostics and other services can then be rolled out as they gain market presence.

### Rising income levels in key markets

Cordlife's services mainly target the middle-upper income segments. With rising income, the population will be better able to afford discretionary services.

Singapore's overall average monthly household income has risen 2.4% from the period of 2012/2013 to 2017/2018, with the middle-income group (41<sup>st</sup>-60<sup>th</sup> percentile: +3.0%); upper-middle income group (61<sup>st</sup>-80<sup>th</sup> percentile: +3.3%) and high-income group (81<sup>st</sup>-100<sup>th</sup> percentile: +1.6%).

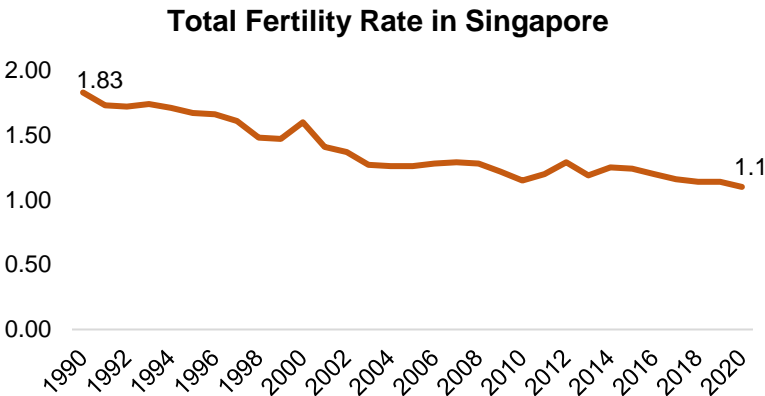
Average salary growth rate in Hong Kong was 2.1% in 2020 (2019: 4%), still positive though it was lowered by political tensions in the country. Indonesia had also become an upper-middle income country in 2020, an upgrade from its previous lower-middle income status, with the expansion of its working middle class. India also had a favourable demographic trend towards a rising middle income, with almost 55% of the population expected to move to the ranks of middle class. However, we believe income growth in India may be impeded as Covid may have a sustained impact on the country's wealth.



## Key Risks

### Low birth rates globally

Birth rates around the world around the world had been facing a decline in the past few decades, and the trend is likely to continue moving forward with rising income levels. According to data from the World Bank, total births per woman dropped from 2.70 in 2000 to 2.41 in 2018.



Source: SingStat, SAC Capital

Declining birth rate is a phenomenon much more prevalent in higher income countries, which is the case for two of the Group's key markets (Singapore and Hong Kong) with the middle to upper class professionals having fewer babies. Singapore's birth rate dropped from 1.83 in 1990 to 1.10 in 2020. With fewer births, population base available for cord banking would thus shrink.

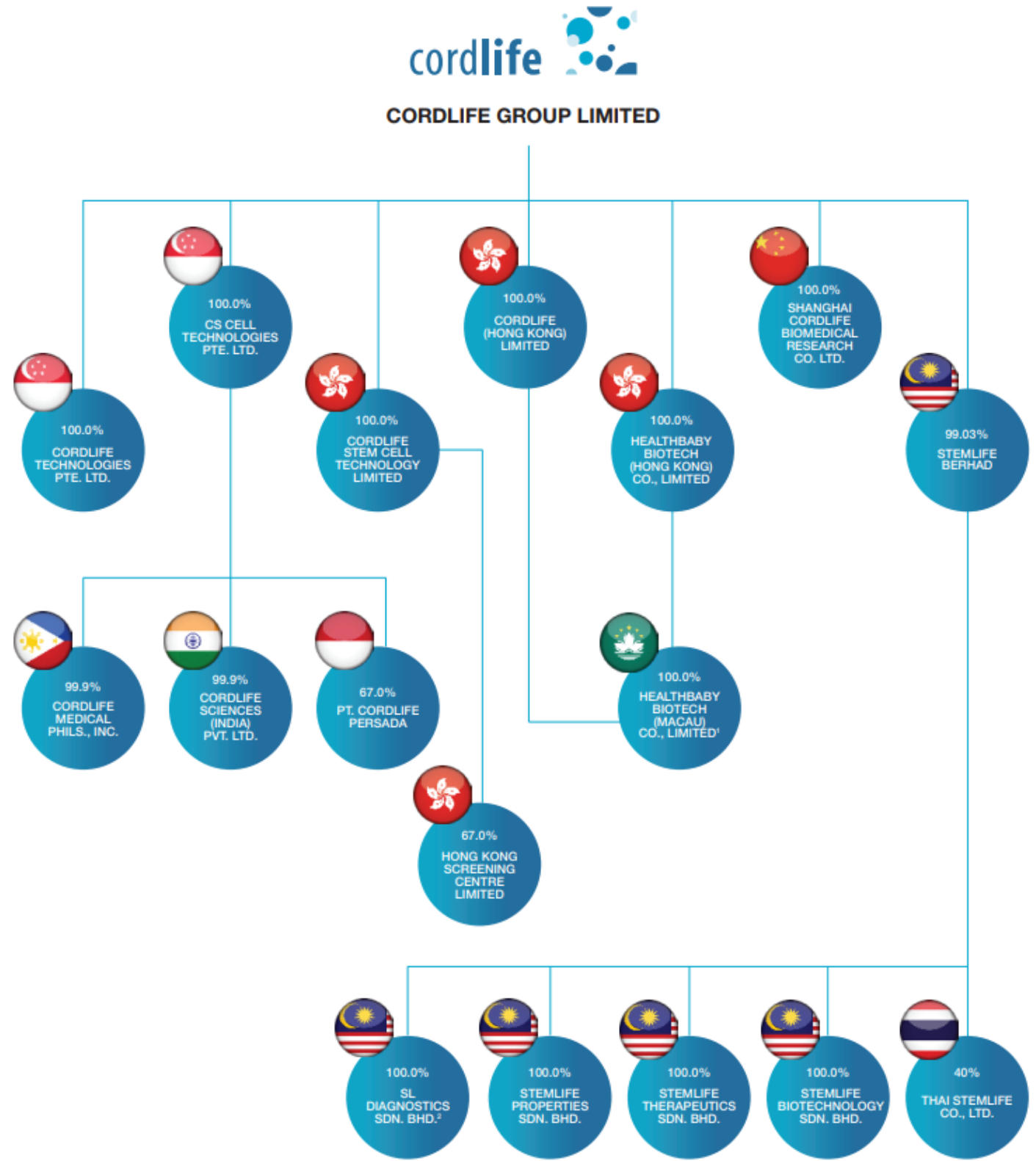
The Group has been seeking revenue diversification away from being a pure provider of cord banking services, into administering diagnostics services and venturing into OptiQ.

### Competition in key markets

The cord banking services provided by the different cord banks are arguably largely homogenous. SCCB has also gone into private cord banking, on top of having a public one. Thus, price can be a huge differentiating factor.

However, as the storage period is for a length of 21 years and can potentially be longer, reputation, accreditations and track record also contribute as deciding factors for parents. Gaining higher market share and brand name in key markets through potential M&As will continue to be one of the top priorities of the Group.

Corporate Structure



## Income Statement

	Fiscal Year Ended 31 Dec*				
(\$'000)	FY2016	FY2017	FY2018*	FY2019	FY2020
<b>Revenue</b>	<b>59,627</b>	<b>59,962</b>	<b>90,497</b>	<b>61,579</b>	<b>50,616</b>
Cost of sales	(20,166)	(21,136)	(34,070)	(21,889)	(18,881)
<b>Gross Profit</b>	<b>39,461</b>	<b>38,826</b>	<b>56,427</b>	<b>39,690</b>	<b>31,735</b>
Other operating income	981	874	1,442	889	2,907
Selling and marketing expenses	(19,012)	(19,622)	(32,204)	(21,917)	(18,432)
Administrative expenses	(19,767)	(19,534)	(34,188)	(21,211)	(19,463)
Finance income	1,531	1,858	14,025	10,366	10,599
Finance costs	(267)	(225)	(326)	(311)	(341)
<b>Profit before income tax from operations</b>	<b>2,927</b>	<b>2,177</b>	<b>5,176</b>	<b>7,506</b>	<b>7,005</b>
Fair value (loss)/gain on investment properties	(220)	(168)	316	(326)	(194)
Reversal of impairment loss on inv in associate	-	-	-	-	386
Share of profit of associate	-	-	-	-	367
Gain on financial asset at FVTPL	4,548	-	-	945	(13)
Other gains/losses	6,085	(3,930)	-	-	-
<b>Profit before tax</b>	<b>13,340</b>	<b>(1,921)</b>	<b>5,492</b>	<b>8,125</b>	<b>7,551</b>
Tax expense	(760)	(675)	(2,822)	(1,663)	(1,001)
<b>Total profit/(loss)</b>	<b>12,580</b>	<b>(2,596)</b>	<b>2,670</b>	<b>6,462</b>	<b>6,550</b>
<b>Profit/(Loss) to owners of company</b>	<b>12,329</b>	<b>(2,572)</b>	<b>2,665</b>	<b>6,471</b>	<b>6,547</b>
Basic EPS (SG Cents)	4.75	(0.99)	1.05	2.55	2.57
Diluted EPS (SG Cents)	4.75	(0.99)	1.05	2.54	2.55

## Balance Sheet

	Fiscal Year Ended 31 Dec*				
(\$'000)	FY2016	FY2017	FY2018*	FY2019	FY2020
Property, plant and equipment	13,290	13,062	12,718	16,094	16,425
Investment properties	9,152	8,256	8,717	7,730	7,531
Intangible assets	14,686	13,513	34,258	33,410	31,972
Contract assets	-	-	66,981	69,680	68,247
Fixed deposits	-	-	-	5,466	3,244
Other non-current assets	69,247	73,477	6,377	9,761	1,909
<b>Total non-current assets</b>	<b>106,375</b>	<b>108,308</b>	<b>129,051</b>	<b>142,141</b>	<b>129,328</b>
Trade receivables	21,010	24,459	27,748	24,044	23,391
Short-term investments	14,970	22,261	29,005	13,938	19,821
Fixed deposits	53,399	11,778	3,355	9,945	16,113
Pledged fixed deposits	324	258	6	9,843	10,086
Cash and cash equivalents	69,701	26,527	10,910	14,784	25,938
Other current assets	4,791	5,141	12,612	9,576	8,539
<b>Total current assets</b>	<b>164,195</b>	<b>90,424</b>	<b>83,636</b>	<b>82,130</b>	<b>103,888</b>
<b>Total assets</b>	<b>270,570</b>	<b>198,732</b>	<b>212,687</b>	<b>224,271</b>	<b>233,216</b>
Share capital	96,672	96,666	96,379	95,994	95,646
Treasury shares	(9,828)	(9,766)	(15,469)	(14,700)	(14,073)
Accumulated profits	54,660	52,088	56,207	61,563	65,570
Other reserves	(10,815)	(13,827)	(13,486)	(13,708)	(14,047)
<b>Total Equity</b>	<b>132,755</b>	<b>125,330</b>	<b>123,763</b>	<b>129,272</b>	<b>133,222</b>
Contract liabilities	-	-	58,338	58,942	62,659
Other non-current liabilities	105,020	41,225	10,460	10,990	10,931
<b>Non-current liabilities</b>	<b>105,020</b>	<b>41,225</b>	<b>68,798</b>	<b>69,932</b>	<b>73,590</b>
Loans and borrowings	2,124	2,118	295	302	310
Trade and other payables	13,521	11,247	13,969	15,936	14,251
Other current liabilities	17,150	18,812	5,862	8,829	11,843
<b>Current liabilities</b>	<b>32,795</b>	<b>32,177</b>	<b>20,126</b>	<b>25,067</b>	<b>26,404</b>
<b>Total liabilities</b>	<b>137,815</b>	<b>73,402</b>	<b>88,924</b>	<b>94,999</b>	<b>99,994</b>
<b>Total equity and liabilities</b>	<b>270,570</b>	<b>198,732</b>	<b>212,687</b>	<b>224,271</b>	<b>233,216</b>

## Ratios

	Fiscal Year Ended 31 Dec*				
	FY2016	FY2017	FY2018*	FY2019	FY2020
<i>Adoption of SFRS 16 Leases increased lease liability in FY2018</i>					
<b>Profitability (%)</b>					
Gross profit/(loss) margin	66.2	64.8	62.4	64.5	62.7
Pretax margin	22.4	(3.2)	6.1	13.2	14.9
Net profit margin	21.1	(4.3)	3.0	10.5	12.9
<b>Liquidity (x)</b>					
Current ratio	5.0	2.8	4.2	3.3	3.9
Quick ratio	4.2	1.9	2.2	1.9	2.7
Interest coverage ratio	51.0	(7.5)	17.8	27.1	23.1
Net Debt to Equity	Net cash	Net cash	Net cash	Net cash	Net cash
<b>Valuation (x)</b>					
P/S	1.5	1.5	1.0	1.5	1.8
P/E	7.5	(35.9)	34.6	14.3	14.1
Core P/E at target price	-	-	-	-	-
P/B	0.7	0.7	0.7	0.7	0.7
P/NTA	0.8	0.8	1.0	1.0	0.9
<b>Cash Conversion Cycle</b>					
Trade receivable days	NA	NA	NA	NA	NA
Inventory days	NA	NA	NA	NA	NA
Trade payable days	NA	NA	NA	NA	NA
CCC days	NA	NA	NA	NA	NA

## Cash Flows Statement

	Fiscal Year Ended 31 Dec*				
(\$'000)	FY2016	FY2017	FY2018*	FY2019	FY2020
<b>Profit before income tax</b>	<b>13,340</b>	<b>(1,921)</b>	<b>5,492</b>	<b>8,125</b>	<b>7,551</b>
Depreciation of property, plant and equipment	1,784	1,839	2,674	3,064	2,913
Amortisation of intangible assets	731	1,290	1,824	1,220	1,230
Impairment loss on trade and non-trade receivables and bad debts written off, net	386	885	1,691	943	1,817
Interest income	(5,346)	(1,858)	(14,025)	(10,366)	(10,599)
Interest expense	5,589	2,006	326	311	341
Change in working capital	(5,179)	(1,261)	(517)	3,434	3,428
Income tax paid	(1,260)	(349)	(1,847)	(3,516)	(806)
Others	(14,398)	3,394	14,591	8,395	10,025
<b>Net cash from operating activities</b>	<b>(4,353)</b>	<b>4,025</b>	<b>10,209</b>	<b>11,610</b>	<b>15,900</b>
Purchase of property, plant and equipment	(4,086)	(893)	(2,128)	(1,499)	(1,143)
Transfer from fixed deposits, net	-	41,709	8,531	(10,910)	(4,805)
Others	172,677	(10,304)	(15,656)	17,259	4,616
<b>Net cash from/(used in) investing activities</b>	<b>168,591</b>	<b>30,512</b>	<b>(9,253)</b>	<b>4,850</b>	<b>(1,332)</b>
Repayment of interest-bearing borrowings	(976)	-	-	-	-
Dividends paid	(36,302)	-	(3,284)	(1,013)	(2,540)
Repurchase of notes	(52,889)	(69,826)	-	-	-
Others	(20,221)	(8,379)	(13,335)	(11,124)	(310)
<b>Cash flows used in financing activities</b>	<b>(110,388)</b>	<b>(78,205)</b>	<b>(16,619)</b>	<b>(12,137)</b>	<b>(2,850)</b>
<b>Net increase/(decrease) in cash and cash equivalents</b>	<b>53,850</b>	<b>(43,668)</b>	<b>(15,663)</b>	<b>4,323</b>	<b>11,718</b>
Cash and cash equivalents at beginning of the year/period	15,738	69,701	26,527	10,910	14,784
Effects of exchange rate changes on the balance of cash and cash equivalents	113	494	46	(449)	(564)
<b>Cash and cash equivalents at end of the year/period</b>	<b>69,701</b>	<b>26,527</b>	<b>10,910</b>	<b>14,784</b>	<b>25,938</b>

\* Due to a change in year end, figures are not fully comparable.

\* FY2016 and FY2017 ended 30/06, FY2018 figures reported 01/07/17 - 31/12/18 financials, and FY2019 and FY2020 years ended 31/12.

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