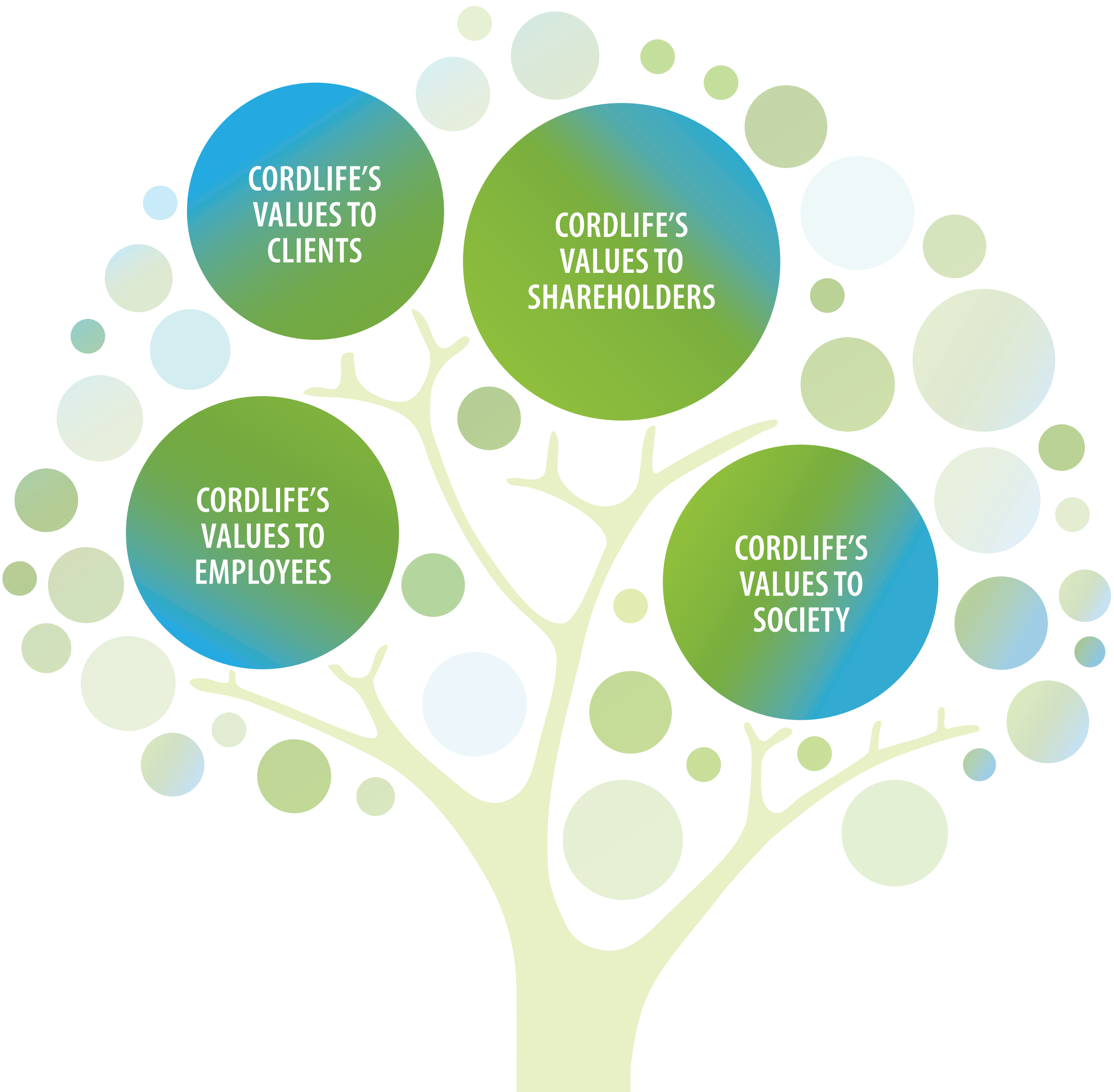
cordlife

one chance, one choice.

ANNUAL REPORT 2015

GROWING VALUES, DRIVING GROWTH



OUR MISSION

Cordlife Group Limited is a consumer healthcare company that serves the needs of mother and child. We deliver the highest level of quality standards in service and product offerings. We maximise all stakeholders' value by engaging all employees to enable the Company to achieve its fullest potential.

GROWING VALUES, DRIVING GROWTH

As Cordlife continues to build sustainable growth, we take pride in our commitment to satisfy the interests of different stakeholders by means of valuing their trust and support for our organisation. With that in mind, we are driven to create values for all stakeholders and work towards growth in light of extending our outreach in the countries we are operating in, to grow both in scale and in scope through the provision of a wider scope of complementary products and services.


CHINA
HONG KONG
INDIA
THAILAND
PHILIPPINES
MALAYSIA
SINGAPORE
INDONESIA
Cordlife's Global Headquarters
Cordlife's subsidiaries
Cordlife's investments

CONTENTS

MILESTONES

2012

- Listed on the Mainboard of Singapore Exchange Securities Trading Limited ("SGX-ST").
- Received runner-up award as the Most Transparent Company (New Issues category) at the Securities Investors Association (Singapore) Investors' Choice Awards.
- Acquired 10.02%* of China Cord Blood Corporation ("CCBC"), China's largest cord blood banking operator which is listed on the New York Stock Exchange.

2014

- Extended strategic alliance and cooperation with Cordlabs Asia Pte. Ltd. and CCBC for the provision of cord lining banking services to certain territories in China.
- Entered into licensing agreement with StemLife for the development of cord lining banking services in Malaysia.
- Launched Metascreen in the Philippines, Hong Kong and Indonesia.
- Launched Cord Blood Network, a programme to assist Cordlife's clients in the search for a matching cord blood unit for three generations of the family, from Cord Blood Network members.
- Entered into memorandum of understanding with CCBC as a Cord Blood Network member.
- Launched cord lining banking services in Indonesia.
- Completed acquisition of CCBC convertible note for US$44 million. Assuming full conversion of the note, Cordlife will hold approximately 17.79% of the enlarged share capital of CCBC.

2013

- Cordlife moved to its fully-owned 23,000 square feet office and laboratory facility in Singapore for storage of up to 650,000 cord blood and cord lining units.
- First in Asia to upgrade to SEPAX®2, a fully automated Swiss-made cord blood processing system.
- First to launch cord lining banking services in Singapore and the Philippines.
- Completed acquisition of cord blood and cord lining banking businesses and assets in India, Indonesia, Hong Kong and the Philippines from Life Corporation Limited ("LCL").
- Cordlife's India facility was accredited by American Association of Blood Banks ("AABB") and Cordlife's facilities in Singapore and Hong Kong successfully passed re-accreditation audits by AABB.
- Received Merit Award from Singapore Corporate Awards under the Best Investor Relations: First-Year Listed Companies category.
- Acquired 19.92% stake in StemLife Berhad ("StemLife"), a company listed on the ACE Market of Bursa Malaysia. Investment was subsequently increased to 31.81% of the issued and paid-up share capital in StemLife.
- Launched Metascreen in India.
- Received the Most Transparent Company Award (Retail & Household category) at the Securities Investors Association (Singapore) Investors' Choice Awards.

2015

- Selected as one of the Best "Under A Billion" Companies by Forbes Asia.

* Cordlife's interest in CCBC has subsequently decreased to 9.13% as a result of an issuance of restricted share units to selected members of the CCBC management team.

CORDLIFE'S VALUE TO CLIENTS
– DEVOTED TO PROVIDING THE HIGHEST QUALITY HEALTHCARE SOLUTIONS FOR LIFE

Since Cordlife's founding in 2001, our foremost objective has been to be a trusted provider of consumer healthcare products and services catering to mothers and their children. With that in mind, we share every parent's interest to alleviate the pain and suffering of their children stricken with illness or to prevent such illnesses from striking. Over the years, we are grateful to have earned the trust of thousands of parents who have stored their babies' precious cord blood and cord lining with us. In return, we are committed to providing a robust quality system to safeguard these precious biological resources so that their children can enjoy a lifetime of protection with Cordlife. We pledge to hold quality in the highest regard for all other healthcare products and services offered by the Group. At the end of the day, taking care of the well-being and health of both mother and child is the heart of everything that we do at Cordlife.

CORPORATE PROFILE

14 YEARS OF EXPERIENCE IN THE BUSINESS

Cordlife Group Limited ("Cordlife", together with its subsidiaries, the "Group") is a consumer healthcare company catering to the mother and child segment. Established in May 2001 and successfully listed on March 29, 2012, the Group is a pioneer in the provision of cord blood and cord lining banking services.

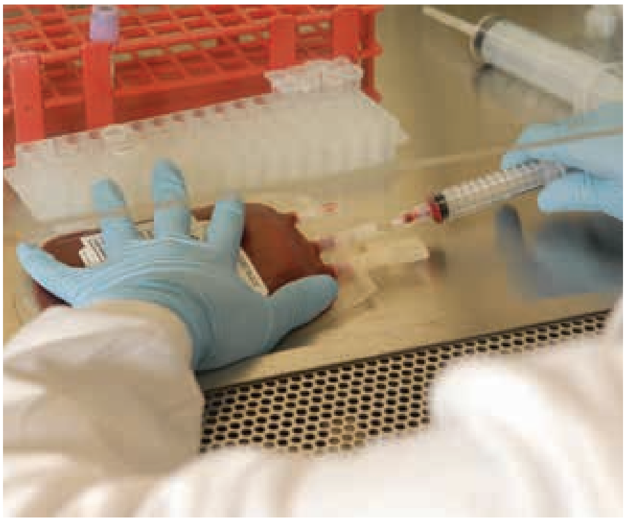
LEADING THE WAY IN ASIA

Cordlife is amongst the leading players for private cord blood banking services in all the markets it operates in, namely Singapore, Indonesia, the Philippines, Hong Kong and India. Inhabiting a distinctive niche in the healthcare industry, the Group is one of the foremost private cord blood banks to have gained a solid foothold in Asia. In the last 14 years, Cordlife has dedicated its undertakings with the aim of positioning itself as a market leader in the industry. Having built a distinguished brand name for itself, the Group continues to strive for excellence by means of support from its experienced management team, dynamic key executives along with its quality product and service offerings. Cordlife believes it has in place a strong foundation for future expansion.

BUILDING THE CORDLIFE BRAND

At Cordlife, we understand that having a unique and memorable brand helps create a long-term position in the marketplace. Hence, creating brand and market awareness is a fundamental practice in sustaining the Group's growth in scale. This year, the Group has invested significantly in various campaigns in all its operating markets such as the hosting of talks to educate families about the importance of storing their children's cord blood and cord lining. In India, television commercials were aired for the first time as part of a through-the-line integrated marketing strategy to create market awareness and grow market share, in addition to other marketing initiatives such as digital marketing.

Aside from organic growth strategies to enhance brand awareness in key markets, Cordlife also adopts inorganic growth strategies through partnerships, joint ventures and acquisitions. In October 2013, the Group acquired a 19.92% stake, which was subsequently increased to approximately 31.81% in December 2013, in StemLife, a Ministry of Health, Malaysia-licensed cord blood banking facility listed on the



ACE Market of Bursa Malaysia. In addition to that, Cordlife has 7,314,015 ordinary shares, representing a 9.13% direct stake, in CCBC. CCBC is the largest cord blood bank operator in China, holding majority shares in the Beijing, Guangdong and Zhejiang Cord Blood Banks, and approximately 24% share in Shandong Cord Blood Bank. In November 2014, Cordlife acquired, for US$44 million, a 7% senior unsecured convertible note due October 3, 2017 issued by CCBC (the "CCBC Convertible Note") in the principal amount of US$25 million. In May 2015, Cordlife entered into a conditional purchase agreement with Golden Meditech Holdings Limited ("Golden Meditech"), in which Golden Meditech would purchase from Cordlife, the entire direct stake in CCBC and the CCBC Convertible Note.

EXPANDING THE SCOPE OF OUR PRODUCT AND SERVICE PORTFOLIO

Cordlife places utmost importance in growing its scope to deliver quality products and services to its clients. The Group introduced cord lining banking, the first complementary service outside its core cord blood banking service in March 2011 in Hong Kong. Building on this focus, the service was subsequently offered to parents in Singapore and the Philippines in 2013. Today, this service is offered by all Cordlife subsidiaries including India and Indonesia. The Group also sub-licensed the service to CCBC and StemLife so that both corporations can avail the service to their clients in their respective territories.

CORPORATE PROFILE

Buoyed by positive response from its cord blood banking and cord lining banking businesses, Cordlife incorporated a Diagnostics Business Unit to continue its focus on developing the scope of complementary offerings. The first service launched under this unit was Metascreen, an advanced non-invasive metabolic screening test for newborn babies. This was first launched in India in 2013 and subsequently in Hong Kong, the Philippines and Indonesia in 2014.

COMMITMENT TO HIGH QUALITY STANDARDS

By placing emphasis on quality, Cordlife has grown to become a dominant private cord blood bank operator in Singapore and is among the pioneers in Asia. Accreditation and certification of its quality system by external quality bodies aid in providing families and physicians with the assurance that cord blood and cord lining units stored with Cordlife will be processed and stored in accordance with the highest standards.

The Group's processing and storage facilities in Singapore, Hong Kong and India are accredited by AABB, the world's gold standard in cord blood banking and its facilities in Indonesia and the Philippines are also ISO-certified.

ACCOMPLISHMENTS

Cordlife is a trailblazer in the cord blood banking and cord lining banking industry, having achieved several milestones in the past years. One of them includes being the first few cord blood banks in Singapore, Hong Kong and the Philippines to establish a successful cord blood release track record, which is a validation of the Group's quality standards. Cordlife was also the first few companies in Asia to progress into using fully automated systems for cord blood processing. These are just a few milestones that demonstrate Cordlife's commitment to deliver client-centric outcomes.

On the investor-relations front, Cordlife's efforts have culminated in the receipt of a Merit Award under the "Best Investor Relations" category at the Singapore Corporate Awards in 2013. Adding to that, Cordlife was titled the "Most Transparent Company" in the Retail & Household Goods and the Mainboard Small Caps Category at the 14th SIAS Investors' Choice Awards in 2013.

From the business aspect, Cordlife was selected out of 17,000 companies in Asia as one of the Best "Under A Billion" companies by Forbes Asia in 2015. Other recent accolades awarded to Cordlife by the industry comprise the "Baby & Kid Brands Awards" 2013, "My Favourite Cord Blood Bank" by Hong Kong Economic Times; 2014 "Most Popular Stem Cell Bank Reader's Choice" by Child Magazine; 2013-2014 "MyBB Parent-Child Favorite Cord Blood and Umbilical Cord Bank Company", 2015 "Most Popular Stem Cell Bank Reader's Choice" by Child Magazine; and 2014-2015 "MyBB Parent-Child Favorite Cord Blood".

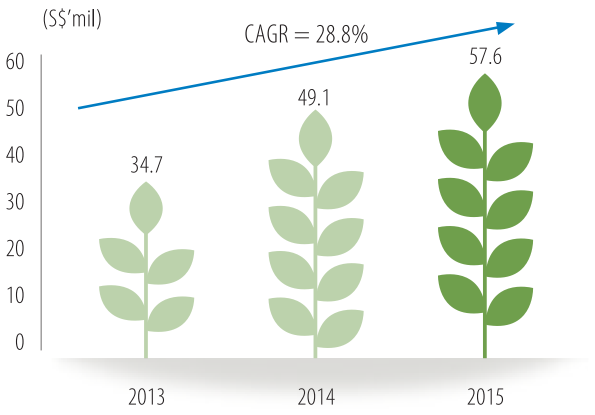
CORDLIFE'S VALUE TO SHAREHOLDERS
– ALWAYS STRIVING TO MAXIMISE SHAREHOLDERS' VALUE

At Cordlife, we have always worked towards maximising shareholders' value. In the past few years, we have delivered strong top-line growth and maintained a healthy balance sheet while pursuing value-accretive growth opportunities. In addition, we have paid out dividends every year since our listing to return value to shareholders. We have also established a track record for transparency and corporate governance. We understand that our business success is premised on excellence and dedication to quality service by adhering to gold standards in the industry. In the same way, we strongly believe that success in our market relations with the investor community is premised on adhering to a high standard of corporate governance practices. In that respect, we believe in participating in proactive and open communications with the investor community to maintain the credibility that we have built.

FINANCIAL HIGHLIGHTS

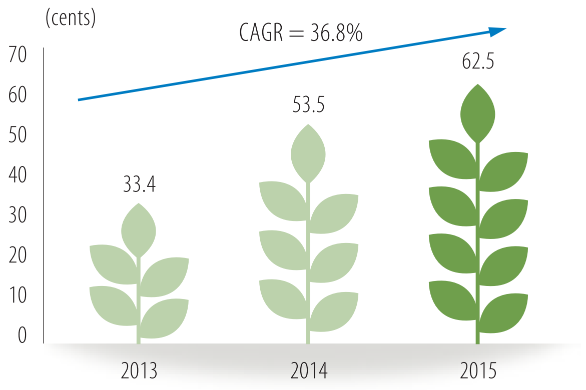
REVENUE

Primarily driven by increase in the number of client deliveries from the Philippines, India and Indonesia.

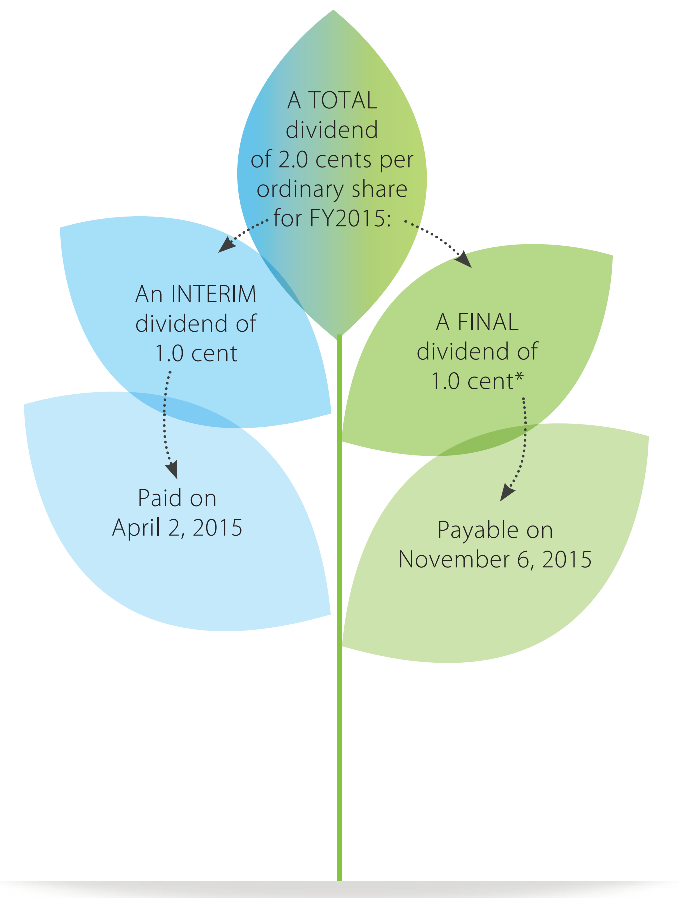


NET ASSET VALUE PER SHARE

Net asset value per share has grown at a 36.8% CAGR.

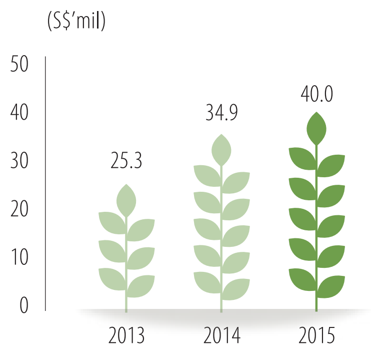


DIVIDEND



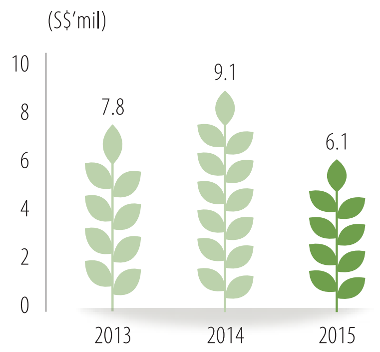
GROSS PROFIT

Gross profit increased on the back of healthy revenue growth.



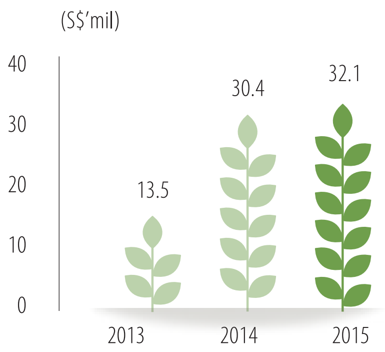
PROFIT BEFORE INCOME TAX FROM OPERATIONS

FY2015 includes a S$4.3 million increase in marketing and selling expenses in India to create a network effect to grow market share.



NET PROFIT

Full year net profit increased due to strong margins and non-core items**.



* Subject to approval from shareholders at the Annual General Meeting.

** In FY2015, non-core items include a S$0.4 million share of loss of associate, a S$2.6 million impairment loss on investment in associate, a S$0.3 million fair value gain on investment properties, a S$10.4 million fair value gain on financial asset designated at fair value through profit or loss, a S$12.9 million fair value gain on derivative asset, non-operating exchange differences of S$4.7 million and non-operating finance income and expense of S$6.6 million and S$4.6 million respectively.

CHAIRMAN'S MESSAGE

In June 2015, we were honoured to be selected by *Forbes Asia* as one of the "Best Under a Billion" companies. Winning this accolade attests to the success and growth of the Group, which has grown at a 28.8% revenue CAGR for the past two years. Moving forward, we will continue to be on track to expand our businesses by tapping on developing markets in India, Indonesia and the Philippines. We will also widen our scope of products and services by introducing new healthcare products catering to the mother and child segment.

DEAR VALUED SHAREHOLDERS,

On behalf of our Board of Directors, I would like to express my most sincere gratitude to all our stakeholders who have given the Group their unwavering support and trust. With this, I am pleased to give you a report of our performance and progress for the financial year ended on June 30, 2015 ("FY2015").

OVERALL PERFORMANCE OF THE GROUP IN FY2015

This year marks Cordlife's 14th year as a consumer healthcare company serving the needs of mother and child since we started operations in Singapore in 2001. As we evolve from a home-grown private cord blood bank to become a consumer healthcare group in Asia, we remain focused on creating value for all our shareholders and improving the quality of life for mothers and their children by offering accountable services and diversifying products.

We are pleased that the Group has successfully sustained a year-on-year growth in FY2015, with a 17.3% increase in the Group's revenue to S$57.6 million and full year net profit growing 5.7% to S$32.1 million. Excluding non-core and one-off items, the Group's profit before income tax from operations was S$6.1 million for FY2015.

To realize our commitment in sharing the Group's success with our shareholders as we grow, we propose a final, 1-tier tax exempt dividend of 1.0 cent per share, payable on November 6, 2015. This is on top of the interim dividend of 1.0 cent per share that was distributed on April 2, 2015, bringing the total dividend payout to 2.0 cents per share in FY2015. The strong top-line growth and increase in client deliveries in FY2015 represent the strongest validation of our business strategies, which gives us confidence to pursue further growth.

ABUNDANT OPPORTUNITIES FOR SUSTAINABLE GROWTH

Through the years, Cordlife has grown into a pan-Asian company with the largest market share of the private cord blood banking industry in Singapore, Indonesia and the Philippines. In Hong Kong and India, we are amongst the top three players in the market.

Growth of our business was propelled by our continued efforts to maintain leadership in our markets and by several positive catalysts such as favourable healthcare trends in each country, as well as new beneficial policies recently announced by the Singapore government.

CHAIRMAN'S MESSAGE

In the past year, we have been actively expanding our market presence in India, Indonesia and the Philippines as we see tremendous growth opportunities in these developing Asian countries. According to a Deloitte 2014 report, the expected CAGR of incremental storage units for private cord blood banks in India, Indonesia and the Philippines between 2013 and 2018 are 39%, 30% and 26% respectively. By 2018, the penetration rates of private cord blood banking in these countries are expected to grow to 3.6%, 0.7% and 0.4% respectively. The cord blood banking operations in these markets are developing rapidly, thanks to the fast-rising middle class seeking better healthcare options for their children. We believe that the Group will continue to benefit from these positive trends, thus achieving robust growth in both revenue and new client deliveries in the coming years.

China also offers excellent growth potential and remains as one of the fastest soaring healthcare markets in Asia. The country's healthcare market continues to expand at a rapid pace with robust growth of healthcare expenditure and ample room for further expansion. Healthcare expenditure is expected to be at RMB6.7 trillion[1] by 2020, accounting for 6.5% – 7% of China's GDP. In China, penetration rate of private cord blood banking remains low at 2.1% in 2013, reflecting room for growth, which is expected to do so at a forecasted CAGR of 21% between 2013 and 2018, according to Deloitte. China's growing middle-class population, indicative of a progressively larger customer pool for cord blood banking operations, should see a rise in penetration rate to 5.2% by 2018. In view of this, while we continue to maintain cooperative relationship with CCBC, we will also be dedicating our efforts to proactively explore cooperation opportunities with other Chinese partners.

In Singapore, we anticipate that operations will benefit from an increasing birth rate, driven by favourable government policies. As part of the government's incentive to boost the country's birth rate, several pro-family measures have been implemented such as an extra S$2,000 Baby Bonus and an additional S$1,000 Medisave grant for all babies born after January 1 this year, and the extension of the Baby Bonus scheme to every child, instead of the first four children. Working fathers are eligible for up to two weeks of Government-Paid Paternity Leave, comprising one week of mandatory leave and an additional week of leave, which employers can voluntarily provide. We are cautiously optimistic that these measures will be positive for Singapore's birth rate, thus benefitting the Group's business.

POSITION CORDLIFE STRATEGICALLY FOR SUSTAINABLE GROWTH IN FUTURE

Moving forward, we will continue to be on track to expand our businesses by tapping on developing markets in India, Indonesia and the Philippines. We believe that the growing affluence of the middle income population and their interest in more diverse healthcare options will help drive further growth. We will also widen our scope of products and services by introducing new healthcare products catering to the mother and child segment. Concurrently, we will remain focused on our exploration efforts to continue expansion into other fast-growing markets such as China, through various paths including the formation of partnerships and equity acquisitions.

CHAIRMAN'S MESSAGE

"BEST UNDER A BILLION" AWARD BY FORBES ASIA

In June 2015, we were honoured to be selected by Forbes Asia as one of the "Best Under a Billion" companies. The list honours 200 leading public companies in the Asia-Pacific region with an annual revenue between US$5 million and US$1 billion and positive net income. The Group was handpicked from a universe of 17,000 companies where candidates were screened based on sales and earnings growth in the past 12 months and three-year periods, and five-year return on equity. Winning this accolade attests to the success and growth of the Group, which has grown at a 28.8% revenue CAGR for the past two years.

APPRECIATION

Ours was certainly a journey that was firmly supported by dedicated staff, a committed management team and the Board. I would like this opportunity to express appreciation to my fellow board members, our business associates and shareholders for their continued support. I would also like to thank our management team and all staff for their dedication to the Group.

Finally, my heartfelt gratitude goes to parents who have trusted us and made the decision to store their babies' precious cord blood and cord lining with us. We will continue to uphold their trust in us.

DR. HO CHOON HOU

Chairman and Non-Executive Director

1 Health Statistics Year Book, Deloitte Analysis

CEO'S MESSAGE

The strong top-line growth achieved in FY2015 indicates that we are making good progress with the expansion of our market leadership across Asia, particularly in India, which offers tremendous growth opportunities. In the new financial year, we shall remain committed to developing our market leadership in cord blood and cord lining banking within the Asian region while continuing with our plans to introduce new healthcare products and services, catering to the mother and child.

DEAR VALUED STAKEHOLDERS,

On behalf of the Board and management team, I would like to share with you our operating results for FY2015.

FINANCIAL REVIEW

The Group registered a 17.3% increase in sales from S$49.1 million in FY2014 to S$57.6 million for the full year ended June 30, 2015, which resulted from a 32.8% increase in client deliveries, from approximately 15,880 in FY2014 to approximately 21,085 in FY2015.

The intensified marketing and client acquisition efforts made by the Group especially in our Indian subsidiary boosted our brand awareness amongst prospective clients, which led to the rise in client deliveries.

Gross profit rose by 14.8% or S$5.2 million. However, gross profit margin fell from 71.0% in FY2014 to 69.5% in FY2015, mainly attributable to a surge in revenue contribution from operations with lower margins.

The Group's profit before income tax from operations was S$6.1 million, representing a 32.7% dip from S$9.1 million for FY2014. This excludes the Group's share of loss of associate of S$0.4 million, fair value gain on investment properties of S$0.3 million, fair value gain on financial asset designated at fair value through profit or loss of S$10.4 million, fair value gain on derivative asset of S$12.9 million, non-operating exchange gain of S$4.7 million, impairment loss on investment in associate of S$2.6 million and non-operating finance income and expense of S$6.6 million and S$4.6 million respectively in FY2015. This is largely due to a 45.3% increase in selling and marketing expenses in FY2015 as the Group's Indian subsidiary intensified marketing investment by S$4.3 million to shore up our market share via network effects. The increase of our administrative expenses by 15.3% in the year compared to the previous year was mainly driven by an increase in staff related costs to cater to the increasing business volume in Singapore, India and the Philippines.

Grant income from SPRING Singapore decreased by S$216,000 from S$253,000 in FY2014 to S$37,000 in FY2015, which the Company claimed for certain activities. A fee of S$680,000 for providing training and know-how transfer services to StemLife under the licensing agreement signed in April 2014 was recognised in FY2014 as compared to S$106,000 recognised in FY2015.

CEO'S MESSAGE

However, rental income derived from our investment properties increased by S$61,000 in FY2015 compared to the previous year. Gain on disposal of investment property of S$54,000 and royalties of S$219,000 from licensing of cord lining technology to StemLife and CCBC in FY2015 have been recognised by the Group. There were no such gain and royalties recognised in FY2014.

As a result of the foregoing, other operating income declined by 39.3% or approximately S$500,000 in FY2015 compared to FY2014.

With cash and cash equivalents, fixed deposits and short-term investments of S$29.2 million as at June 30, 2015, the Group maintained a strong balance sheet. The Group registered a 16.7% increase in net asset value per share from 53.50 cents as at June 30, 2014 to 62.46 cents as at June 30, 2015.

Overall, the Group's full-year net profit grew by 5.7% to S$32.1 million for FY2015.

OPERATIONS REVIEW

The strong top-line growth achieved in FY2015 indicates that we are making good progress with the expansion of our market leadership across Asia, particularly in India, which offers tremendous growth opportunities. Apart from India, other Asian countries such as Indonesia, the Philippines and Singapore continue to be key markets for Cordlife's strategic growth.

In Singapore, we reinforced our industry leadership position through new service offerings and marketing efforts to spread the word about the benefits of our services. A demonstration of such efforts was the opening of our first flagship store at Mount Elizabeth Novena Hospital in February 2015. Apart from availing the opportunity for us to communicate with parents within the hospital premises, this store also provides the opportunity for us to introduce other healthcare-related services such as paediatric eye screening.

Since Cordlife's entry into the Indian market, we have been rapidly expanding our operations in the country and extending our reach to more families. We aim to cater to the growing demand from the burgeoning middle class families that are increasingly aware of the need for pre-emptive healthcare.

In the past year, we have been expanding our market presence in India by carrying out an extensive marketing and sales plan to generate a network effect to grow our client base through positive word-of-mouth and new client referrals. Television commercials were aired locally for the first time as part of our maiden advertising campaign in the country, which conveyed the importance of cord blood banking to expectant parents and how our products and services can help protect their children in future. Our integrated marketing campaign also comprised newspaper advertising, digital marketing and client activation activities. Apart from increasing market share in India, the Group intends to use advertising as a tool to establish brand leadership in the mid to long-term to capture mindshare. With the enlarged client base, we can further leverage on our pool of clients to cross-sell complementary products and services.

Over in Indonesia and the Philippines, we have been developing our operations to cater to the growing demand in these markets. By October 2014, we upgraded our stem cell processing and cryopreservation facility in the Philippines to accommodate as many as 30,000 cord blood and cord lining units. Located in Quezon City, this new facility is home for our laboratory as well as local marketing operations. To give parents greater assurance of the safety and security of their baby's stem cells stored with us, our facility is housed in a building, which sits within a master-planned development, with the most advanced flood mitigation system. The building was also designed to withstand an earthquake of magnitude 8 on the Richter scale.

On the marketing end, we entered into a strategic exclusive partnership with Mommy Mundo, the largest online network of mothers and mothers-to-be in the Philippines, giving us access to more than 20,000 of our prime target market. The relocation of our facility in the Philippines came less than five years after the opening of the first facility in the country, indicating a tremendous growth in demand as well as the success of local marketing efforts to educate Filipino families on stem cell banking.

In Indonesia, we have expanded our offerings with the introduction of cord lining banking services in September 2014, thus extending the benefits of stem cell banking to Indonesian parents seeking to improve the health and well-being of their children. We have also succeeded in our soft launch of Metascreen services in the same year, thus further diversifying our services for the region to provide more healthcare choices to our clients.

CEO'S MESSAGE

Since April 30, 2014, Cordlife has been jointly working with StemLife to develop cord lining banking services in Malaysia. This close collaboration between StemLife and Cordlife is expected to contribute positively to the Group's business as our scope of products and services can be introduced to StemLife's offices in Malaysia and Thailand.

China has always been a key market for us. Since 2012, Cordlife has been a shareholder of CCBC with a 9.13% stake to gain exposure in the Chinese market. We partnered with Cordlabs Asia to sub-license the cord lining technology to CCBC to generate recurring royalty income. Subsequent to that, the Group completed the acquisition of a convertible note issued by CCBC for approximately US$44 million in November 2014.

In May 2015, we announced our conditional purchase agreement with Golden Meditech, which Cordlife agreed to sell and Golden Meditech agreed to purchase from Cordlife 7,314,015 ordinary shares in CCBC and a 7% senior unsecured convertible note due October 3, 2017 issued by CCBC to Cordlife in the principal amount of US$25 million (the "Proposed Disposal"). The Proposed Disposal allows Cordlife to realise value in its investment in CCBC at a net gain of approximately S$31.7 million based on the Group's 3Q 2015 results[1]. The proceeds from the Proposed Disposal may be used for the Group's future business expansion, and/or be used to deleverage the financial position of the Group and/or for distribution to shareholders.

At our Extraordinary General Meeting ("EGM") held on September 14, 2015, Cordlife's shareholders approved the Proposed Disposal. The completion of the disposal is conditional on Golden Meditech obtaining the approval of its shareholders at an EGM to be held at a later date.

Looking ahead, Cordlife will continue to explore other opportunities in China either through collaboration with leading research hospitals or mergers and acquisitions, in addition to our existing partnership with CCBC. Our aim is to work closely with other key Chinese partners to develop a pan-China strategy to extend our products and services to more families in the country.

ADVANCING THE SCOPE OF OUR PRODUCTS AND SERVICES

As a consumer healthcare company, we are always actively seeking opportunities to widen our service and product offerings for families, with a focus on the mother and child segment.

Cord lining banking service was launched in Indonesia in September 2014. This completes the footprint of the service to all countries where we operate in. We signed a sub-licensing agreement with CCBC and StemLife to avail cord lining banking services to their client base.

On the progress of our Diagnostics unit, we have successfully launched Metascreen, an advanced non-invasive metabolic screening service designed for newborn babies, in Cordlife territories. This screening service is essential for parents looking for a more comprehensive screening of metabolic disorders for their newborns. Plans are underway to introduce Metascreen to other markets progressively in the coming year.

CEO'S MESSAGE

CONTINUED COOPERATION WITH MEDICAL EXPERTS AND OTHER ORGANISATIONS TO INCREASE VALUE FOR CLIENTS

The Group has been actively seeking cooperation with medical professionals and institutions to boost the benefits for our mother and child clients, as well as their families.

One such initiative was our recent partnership with Dr. Michael Chez, a leading Neurologist and Director of Pediatric Neurology and Pediatric Epilepsy at the Sutter Medical Group and Sutter Neuroscience Institute, to embark on an Asian study with local physicians to treat child autism with the patient's own cord blood. We are hopeful that cord blood stem cells have the potential to play an imperative role in the treatment of childhood autism, amongst other medical conditions.

In June 2014, we were elated to learn that Duke Medicine received a US$15 million donation from the Marcus Foundation, to support their research to use cord blood stem cells for autism, stroke, cerebral palsy and other related brain disorders. We believe this initiative will contribute to the advancement of cell therapy and improve the lives of many. To support this programme, the Group extended help to our valued clients so that their applications were successfully submitted to Duke Medicine for consideration.

PEOPLE STRATEGY

Besides focusing on business operations, we acknowledge that our employees play a significant role in driving the growth of our business. While we have always invested in developing our existing talent pool, an integrated talent management framework was structured this year to formalise our people strategy. We believe the deployment of a comprehensive people strategy will enable the organisation to respond to business needs more rapidly and effectively.

PROSPECTS

In the new financial year, we shall remain committed to developing our market leadership in cord blood and cord lining banking within the Asian region, while continuing with our plans to introduce new healthcare products and services that cater to the mother and child segment. The Group is cautiously optimistic that favourable healthcare industry trends and the strong market position of the Group will bring us to greater heights.

Barring any unforeseen circumstances and excluding any one-off items, the Group expects its core business to maintain a steady growth in FY2016.

MR. JEREMY YEE PINH
Executive Director and Chief Executive Officer

1 For more details, please refer to the Circular to Shareholders dated August 26, 2015.

BUSINESS UNIT SPOTLIGHT: BANKING

THE MIRACLE OF CORD BLOOD

Upon the birth of a baby, the umbilical cord that is cut after delivery contains cord blood, also known as "placental blood". This is a rich source of haematopoietic stem cells ("HSCs"), which are primarily responsible for replenishing blood and regenerating the immune system, and has been proven to be a substitute for bone marrow. HSCs contained in cord blood have been successfully used in transplants to replace and regenerate damaged or diseased bone marrow, treat blood cancers and to correct genetic defects.

Cord blood stem cells have the unique ability to differentiate into various cell types such as red blood cells to carry oxygen to all cells in the body, white blood cells to fight infection, and platelets to assist blood clotting in the event of injury. Collection of cord blood is safe, quick and painless. The collection takes place immediately after the birth of a baby by an obstetrician. Subsequent to the collection of the cord blood, it will be transported to Cordlife's laboratory for processing and final cryopreservation in cryogenic storage tanks at below -150 degree Celsius.

ONE CHANCE TO COLLECT CORD BLOOD

As parents prepare for the arrival of their baby, one of the first and most important decisions to make would be to save their baby's cord blood. A baby's cord blood is a rich source of stem cells that may be used to treat certain cancers and blood disorders. Statistics estimate that 1 in 217 persons may need stem cells for treatment in their lifetime. In Singapore alone, close to 40-60% of patients who require stem cell transplants are unable to find a suitable match from bone marrow donors and public cord blood banks. Hence, saving the baby's cord blood could be a lifesaving decision for one's family.

BUSINESS UNIT SPOTLIGHT: BANKING

LEVERAGING ON TECHNOLOGICAL ADVANCES TO IMPROVE SERVICE STANDARDS

Cordlife continually directs its efforts towards incorporating technological advancements into its service offerings. For one, it was amongst the first in Asia to adopt SEPAX®, a U.S. FDA-cleared fully automated cord blood processing system, as well as the first in Asia to lead the upgrade of the technology to SEPAX®2. Shifting from manual processing to a fully automated platform was imperative to achieve optimal cell recovery rates during processing to help enhance the success rate of a transplant.

WIDENING BANKING OPPORTUNITIES FOR PARENTS

Along with the option of cord blood banking, parents are also provided with an added option of cord lining banking, in line with Cordlife's growth plans to offer complementary services to its clients through strategic partnerships and collaborations. Cordlife entered into licensing agreements with CCBC and StemLife to offer the cord lining banking service to their prospective clients in China and Malaysia in early 2014. In the first quarter of FY2015, Cordlife successfully launched cord lining banking in Indonesia.

Previously disposed after birth, researchers have recently found that the umbilical cord contains functional and potentially life-saving stem cells that can play an important role in regenerative and cellular therapy.

Beside cord blood, the umbilical cord itself contains Wharton's jelly, umbilical arteries and an umbilical vein. These components are protected by a sheet-like membrane known as cord lining. While Wharton's jelly contains one type of stem cells – Mesenchymal stem cells ("MSCs"), cord lining today has been discovered to contain two important types of stem cells including MSCs and Epithelial stem cells ("EpSCs"). EpSCs form the soft tissues that connect, support or surround other structures and organs of the body including cornea and skin, as well as the lining of the stomach and liver.

Based on current research, EpSCs are considered to be a possible key resource for epidermal and skin regeneration. They have been used to successfully treat surface ulcers, burns and tissue trauma. At present, EpSCs are also actively researched in the field of regenerative medicine for corneal replacement. On the other hand, MSCs act as the building

blocks of structural tissues of the human body such as bone, cartilage, muscle, fibrous tissues and fat. According to clinicaltrials.gov, a research database managed by FDA in the United States, there are over 400 ongoing clinical trials worldwide investigating the potential applications of MSCs, including tissue repair for heart failure, cartilage injury, spinal cord injury and stroke.

BUSINESS UNIT SPOTLIGHT: BANKING

CORDLIFE'S TRANSPLANT TRACK RECORD

LEUKAEMIA BOY SAVED BY BABY SISTER

Ray (alias) was suffering from leukaemia at a tender age of three. Despite a nation-wide search for bone marrow stem cells, a suitable donor could not be found. Fortunately, Rachel, baby sister of Ray, was born during this critical period, which enabled the family to store and use her cord blood for Ray's transplant.

CEREBRAL PALSY BABY HELPED BY CORD BLOOD

An accident at birth deprived two and a half year old Georgia of oxygen to her brain. This resulted in damage to her brain leading to cerebral palsy, which caused her to move involuntarily, suffer from muscle spasms and have up to 50 seizures a day. With the aid from a renowned neurosurgeon in Singapore, Georgia's cord blood was infused back into her body. After the infusion, her caretakers reported that Georgia had noticeable improvements in her temperament, concentration level and vocalisation.

NEUROBLASTOMA BOY TREATED BY HIS OWN CORD BLOOD

Justin (alias) was diagnosed with a common childhood cancer, neuroblastoma, at the tender age of one and a half years old. Over the course of one year, the child had to endure numerous rounds of high-dose chemotherapy to treat his condition. Chemotherapy destroyed cancer cells, but at the same time also killed normal cells. Fortunately, Justin's parents had his cord blood stored at birth with Cordlife. The cord blood stem cells were infused back into his body after a course of chemotherapy at Queen Mary Hospital and he was discharged from the hospital after 3 months. The cord blood unit used was cryopreserved in Cordlife's facility in Hong Kong for 29 months.

SIBLING'S CORD BLOOD FOR THALASSEMIA MAJOR

Cordlife India was the first cord blood bank to successfully release a cord blood unit to support the first ever mixed stem cell transplant in India. Moinam was diagnosed with Thalassemia Major when he was barely one year old. If left untreated, most children inflicted with this disorder will not live beyond the age of 10. Fortunately, his newborn sister was free of the disorder and her cord blood stem cells were a perfect match for Moinam. A combination of her bone marrow and cord blood stem cells was used to enhance the success rate of his transplant.

* Photos used in the above narrative may not depict the actual patients.

BUSINESS UNIT SPOTLIGHT: DIAGNOSTICS

SECURING A CHILD'S FUTURE DEVELOPMENT

Some babies are born with metabolic disorders in which their bodies suffer from an enzyme deficiency, resulting in a rise of toxic substances or a deficiency of critical constituents. If left untreated, inherited metabolic disorders, also known as inborn errors of metabolism, can lead to developmental delays and lifelong complications, such as intellectual disability, physical disability and in some cases, even death.

Even though these disorders may be rare, early diagnosis and intervention can significantly help improve their condition, making a huge difference between lifetime impairment and healthy development. In the case of an inherited metabolic disorder, this occurs when both parents, each carrying a defective copy of a gene, may unknowingly pass down the genetic defect that will manifest as a metabolic disorder in the child.

NEWBORN SCREENING AND ITS BENEFITS

As babies affected by inborn errors of metabolism may appear healthy and normal at birth, newborn screening, usually performed within the first week after birth, is vital for early detection, diagnosis, and intervention to prevent death or disability. In the case where one's baby is affected by a disorder or illness, newborn screening plays an important role in ensuring timely treatment and a healthier development.

Affected babies who do not undergo newborn screening often spend months or even years going through countless medical tests in an attempt to find out the nature of the illness. A lack of proper and accurate diagnosis, followed by an appropriate intervention, often results in frequent and intensive hospitalisation, or even fatality. Early detection can determine if one's child is safe from complications or disorders, thus giving parents a peace of mind.

METASCREEN, A COMPREHENSIVE METABOLIC SCREENING TEST FOR NEWBORN BABIES

As the first of Cordlife's new product and service offerings in diagnostics, Metascreen is a comprehensive metabolic screening test designed for newborn babies. Compared to other similar screening services that require blood for testing, this is a non-invasive and painless screening that uses urine samples for testing and analysis. Metascreen is a highly accurate newborn screening test, as it combines the use of Gas Chromatography-Mass Spectrometry (GC/MS) with proprietary Planar Bioinformatics to detect metabolic disorders. This test, one of the most comprehensive in the world, can screen up to 110 inborn errors of metabolism.

CORDLIFE'S VALUE TO SOCIETY

– COMMITTED TO CREATE A POSITIVE IMPACT TO THE COMMUNITY

As a leading pan-Asian consumer healthcare company, Cordlife takes pride in being a proactive educator and promoter to encourage public health awareness in the society. We see value in playing an active role to disseminate important information on the benefits of cord blood and cord lining banking as well as other healthcare solutions through parenting seminars and prenatal talks. Here in Cordlife, we believe that every individual's health is determined not only by genetics, but also by the life choices that we make. In the same breath, the Group makes a conscious effort to create a positive impact to the community across Asia through initiatives guided by our mission to make sustainable and long-term differences to better the lives of both mother and child. We have achieved this through the investment in strategic partnerships and innovative solutions that add value to society and make a significant impact to the lives of mother and child.

CORDLIFE'S VALUE TO SOCIETY

OUR CORPORATE SOCIAL RESPONSIBILITY

At Cordlife, we take pride in managing our relationships with employees, clients, suppliers and stakeholders to produce a positive impact on the society whilst sustaining business growth. As a consumer healthcare company catering to the mother and child segment, we have a keen interest in their well-being. The following corporate social responsibility activities that we participated in stand out as prime examples of how social responsibility may be productively coupled with sound strategies to advance goodwill while building a sustainable business.

FOUNDING OF CORDLIFE-JALAN KAYU PRESCHOOL HEAD-START FUND

Cordlife has committed to a sponsorship of S$50,000 per annum for the next three years to start the Cordlife-Jalan Kayu Preschool Head-Start Fund in Singapore. When it came to our attention that there were families living in the Jalan Kayu community in need of financial aid to send their children to pre-school, we readily agreed to set up the Cordlife-Jalan Kayu Preschool Head-Start Fund. As the name suggests, we want to ensure that every child living in the vicinity is given the chance to enrol into preschool and have an equal head-start in their learning journey. Through these corporate social responsibility activities, we seek to contribute to the betterment of our local communities. At the Jalan Kayu Day community event, which took place on July 4, 2015, our CEO, Mr. Jeremy Yee, received a token of appreciation from Prime Minister Lee Hsien Loong.

SPONSORSHIP OF SGX BULL CHARGE

Cordlife stood amongst the institutional sponsors, contributing S$25,000 to the SGX Bull Charge 2014. The proceeds were eventually channelled to the Asian Women's Welfare Association, Autism Association, Fei Yue Community Services and the Shared Services for Charities, benefitting hundreds of underprivileged children, youth, the elderly as well as families.

BIG DAY OUT AT THE COLISEUM TO SUPPORT CHILDREN'S CANCER FOUNDATION

On September 7, 2014, Cordlife pledged monetary support to the Children's Cancer Foundation, through a Big Day Out event held at The Coliseum, Hard Rock Hotel Singapore. This event, which was organised by the Kids Performing Academy of the Arts, aimed to provide a platform for families to strengthen their bond by spending quality time together with their children during the September school holidays.

With an attendance of 800 guests from welfare homes and the underprivileged families, everyone enjoyed themselves at this carnival-style occasion, which included a showcase of talents from the Kids Performing Academy, as well as food and prizes. Through the support of sponsors and volunteers, the organiser managed to raise funds, grant wishes and increase mission awareness, making this event an inspiring one.

CORDLIFE'S VALUE TO SOCIETY

PARTNERING WITH LEADING NEUROLOGIST IN STUDY TO TREAT CHILD AUTISM

In May 2015, Cordlife partnered with autism and epilepsy treatment pioneer, Dr. Michael Chez from Sutter Medical Group and Sutter Neuroscience Institute, in the continued study to treat child autism with the patients' own cord blood stem cells stored at Cordlife. In a separate FDA trial, Dr. Chez has shown that autologous (patient's own) cord blood stem cell infusions in children with autism is safe.

Autism[1] is a life-long developmental disorder that affects 1 in every 167 people in Singapore. With over 200 children[2] diagnosed annually, there is a strong need to design an effective treatment option to enhance disease management and help patients improve their quality of life. It is Cordlife's hope that this collaboration can contribute positively to the treatment of child autism.

Given our network across Asia, we hope to play our part in advancing treatment availability in the markets that we operate in such as Singapore, India, Indonesia, the Philippines and Hong Kong by working with world-renowned medical experts such as Dr. Chez. We are hopeful that cord blood stem cells can contribute positively in the treatment of various medical conditions including childhood autism, and benefit families across Asia.

DONATION TO NEPAL FOR POST-EARTHQUAKE RECONSTRUCTION

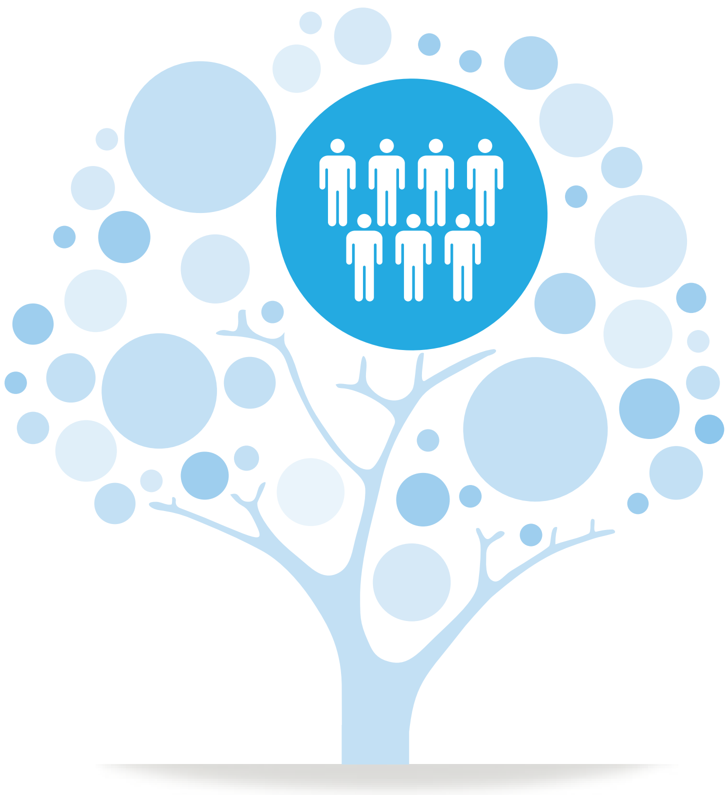
A 7.3-magnitude earthquake struck northeastern Nepal on May 12, 2015, leaving many dead and injured. We were saddened by the tragedy and our hearts went out to all victims and their families, especially little children who had lost their families and homes in this disaster.

Cordlife appealed to all our employees, employees' families and friends, business associates, partners, clients and well-wishers to raise funds to aid survivors in rebuilding their lives in Nepal. The total funds contributed were matched by Cordlife Group Limited, dollar for dollar.

1 Autism or Autism Spectrum Disorder is a range of complex neurodevelopment disorders, characterised by social impairments, communication difficulties, and restricted, repetitive and stereotyped patterns of behaviour.
2 https://sg.news.yahoo.com/individuals-with-autism-empowered-to-lead-meaningful-lives--100509885.html, Accessed on September 7, 2015

CORDLIFE'S VALUE TO EMPLOYEES

– DEDICATED TO IMPLEMENTING AN INTEGRATED TALENT MANAGEMENT FRAMEWORK TO ATTRACT, DEVELOP AND RETAIN THE RIGHT PEOPLE



Cordlife makes every effort to craft the right corporate culture for ideas to flourish and we are dedicated to supporting staff development and rewarding achievements. We believe it is critical to focus on attracting the right people to join our organisation, growing an operative career structure for existing personnel and retaining employees through performance management and talent mobility.

INCULCATING A WINNING CULTURE IN CORDLIFE

We believe that culture norms and behaviour can translate our organisation's distinctive personality into client-centric actions and bottom-line performance. Centring on our core values of integrity, accountability, drive for excellence, teamwork and initiative, Cordlife aims to build the capability of each employee to drive business results, sustain quality and operational excellence, perform succession planning, as well as to ensure continuous improvement within our organisation.

CORDLIFE'S VALUE TO EMPLOYEES

We also respect and value the individuality and diversity that every employee brings to Cordlife and seek to create a positive and open atmosphere wherever we operate. We take pride in treating everyone fairly and fostering an effective communications system in view of having all our employees perform their work effectively.

FOCUS ON TRAINING AND DEVELOPMENT

At Cordlife, we place strong emphasis on the nurturing of our existing talent pool to help develop their career in line with the company's growth. We fervently believe that employee training is the responsibility of the organisation and employee development is a shared responsibility of the management and the employee. Cordlife is committed to providing the right resources and environment to support our employees through learning opportunities such as on-the-job-training and external courses, overseas field trips as well as job rotation. Over the years, we have invested in the continued education of our key managers for MBA programmes as part of SPRING's human capital development initiatives. Furthermore, learning trips such as visits to other cord blood banks in Europe and Asia were organised to help our team learn from the industry's best practices. We are confident that our investment in people strategy will help us attract, grow and retain the right people for Cordlife. This year, the company organised a leadership and culture retreat which took place in Bangkok. More than 50 managers from every subsidiary of the Group attended this meeting.

BOARD OF DIRECTORS

MR. HO SHENG
Lead Independent Director

DR. GOH JIN HIAN
Independent Director

MR. JEREMY YEE PINH
Executive Director and Chief Executive Officer

DR. HO CHOON HOU
Chairman and Non-Executive Director

MRS. EILEEN TAY-TAN BEE KIEW
Independent Director

MR. JOSEPH WONG WAI LEUNG
Independent Director

BOARD OF DIRECTORS

DR. HO CHOON HOU
CHAIRMAN AND NON-EXECUTIVE DIRECTOR

Dr. Ho Choon Hou was first appointed as a Director of the Company in June 2011 and was last re-elected on October 18, 2013. Dr. Ho is currently an Executive Director at Southern Capital Group Limited, a private equity firm, where he is responsible for the origination and execution of investments. Dr. Ho graduated with a Bachelor of Medicine and Bachelor of Surgery (Honours) from the University of Sheffield, as well as a Master of Medicine (Surgery) from the National University of Singapore. He also obtained his Master of Business Administration (Honours) from the University of Chicago (Graduate School of Business).

Dr. Ho is an Independent Director of both Advanced Holdings Limited and Mclean Berhad, and the Non-Independent Non-Executive Director of StemLife Berhad, an associate company of Cordlife Group Limited.

MR. JEREMY YEE PINH
EXECUTIVE DIRECTOR AND CHIEF EXECUTIVE OFFICER

Mr. Jeremy Yee Pinh was appointed as the Chief Executive Officer of the Company in June 2011. He has been an Executive Director of the Company since January 2004 and was last re-elected as a Director of the Company on October 19, 2012. As Executive Director and Chief Executive Officer, Mr. Yee is responsible for identifying and implementing company-wide business growth strategies and organisational structures, and directly oversees all aspects of the Group's growth and operating functions.

Mr. Yee was the Chief Financial Officer of Life Corporation Limited ("LCL") (previously known as Cordlife Limited) prior to the demerger from LCL in June 2011. From 2004 to 2011, Mr. Yee was directly responsible for LCL's financial function, including statutory filings, accounting audits, finance controls and treasury.

From 2002 to 2003, Mr. Yee was Director of Corporate Development and later Chief Operating Officer of the Company, where he was responsible for its overall corporate development activities.

Mr. Yee obtained his Bachelor of Arts in Economics and Social Studies from the University of Manchester in 1994. He also holds a Bachelor of Commerce (Prof Accounting) and a Master of Commerce from Murdoch University in 2009 and University of Sydney in 1996, respectively. In addition, Mr. Yee also holds a Master of Business Administration from Nanyang Technological University in 2011 in which he also received the 2011 Furama Ltd Endowed Book Prize Award. He also obtained a Master of Business Administration from the University of Chicago, Booth School of Business in 2012.

Mr. Yee is also a Non-Independent Non-Executive Director of StemLife Berhad, an associate company of Cordlife Group Limited listed on Bursa Malaysia. He was the Non-Independent Non-Executive Director of China Cord Blood Corporation, a company in which Cordlife Group Limited has 9.13% shareholding.

BOARD OF DIRECTORS

MR. HO SHENG
LEAD INDEPENDENT DIRECTOR

Mr. Ho Sheng was first appointed as a Director of the Company in November 2011 and was last re-elected on October 19, 2012.

Mr. Ho has more than 25 years' experience in the financial services industry. He was the Senior Vice President, Investments at Citigroup Global Markets. Prior to joining Citigroup, Mr. Ho was a shareholder, Executive Director and Board Member of the stockbroking unit of UBS Warburg. Mr. Ho has extensive experience in market cycles and exposure to regional equity markets. He is currently the Lead Independent Director of New Silkroutes Group Limited and Independent Director at Ying Li International Real Estate Limited, both SGX-listed.

Mr. Ho holds a Master of Applied Finance degree from Macquarie University, Sydney. He is a Senior Associate of the Financial Services Institute of Australasia and an Associate of the Institute of Chartered Secretaries and Administrators (UK).

DR. GOH JIN HIAN
INDEPENDENT DIRECTOR

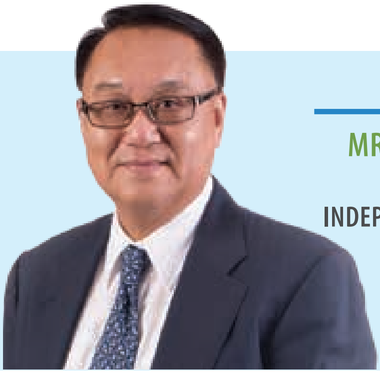
Dr. Goh Jin Hian was first appointed as a Director of the Company in July 2011 and was last re-elected on October 17, 2014.

Prior to this, he held several senior executive positions in Parkway Holdings Ltd (now IHH Ltd) from 1999 to 2011, including Chief Executive Officer of Gleneagles Hospital, President of Singapore Operations and Senior Vice-President of Growth, Innovation & Strategy. He served as Executive Consultant of ParkwayHealth, Singapore from April 2011 to March 2015. Currently, he remains a Director on two of Parkway's subsidiaries, namely, Parkway Shenton Pte Ltd and Shenton Insurance Pte Ltd.

Dr. Goh assumed the position of Chief Executive Officer and Director of New Silkroutes Group Limited, a company listed on the Singapore Exchange, on July 7, 2015. The company is an investment holding company with interests in the energy and technology sectors.

Dr. Goh obtained his Bachelor of Medicine and Bachelor of Surgery from the National University of Singapore in 1992. He also holds a Master of Business Administration from the University of Hull. In addition, Dr. Goh completed the Wharton Advanced Management Program in 2005.

BOARD OF DIRECTORS



MR. JOSEPH WONG WAI LEUNG
INDEPENDENT DIRECTOR

Mr. Joseph Wong Wai Leung was appointed as an Independent Director of the Company on September 23, 2014.

Mr. Wong has a wealth of experience in the financial services industry. He started his career at Big Four auditing firms PricewaterhouseCoopers and Deloitte Touche Tohmatsu, Hong Kong. At Deloitte, he was engaged in a wide spectrum of business domains, including but not limited to, initial public offerings, taxation, and asset protection plans for high networth individuals. Subsequently, Mr. Wong worked at Credit Agricole (Suisse), Hong Kong, where he advised the bank's clients on wealth management.

Mr. Wong holds a Bachelor of Commerce from the University of Calgary, Alberta, Canada.

MRS. EILEEN TAY-TAN BEE KIEW
INDEPENDENT DIRECTOR

Mrs. Eileen Tay-Tan Bee Kiew is an Independent Director of the Company, having been appointed to the Board on September 23, 2014. She has more than 40 years of experience in areas such as accounting, auditing, taxation, public listings, due diligence, mergers and acquisitions, and business advisory. Mrs. Tay was a partner at KPMG and had served as a director of several companies, both private and publicly listed, in Singapore and Australia. Currently, she is the Lead Independent Director and Chairman of the audit committee of SGX-ST Catalist-listed Jason Marine Group Limited, and also Chairman and Independent Director of SGX-ST Catalist-listed Singapore Kitchen Equipment Limited. She is a member of the SPRING SEEDS Investment Panel.

Mrs. Tay graduated from the University of Singapore in 1974 with a Bachelor of Accountancy (Honours). She is a fellow member of the Institute of Singapore Chartered Accountants (ISCA), the Chartered Institute of Management Accountants (CIMA) in the UK and CPA Australia. She is also a member of Singapore Institute of Directors.

SENIOR MANAGEMENT TEAM

MS. THET HNIN YI
CHIEF FINANCIAL OFFICER

Ms. Thet Hnin Yi is responsible for all areas of financial and accounting functions of the Group, including financial reporting, management reporting and budgeting. Her job scope also includes supporting the senior management team in their strategic decision making process, as well as any pricing, marketing, corporate finance and corporate risk management policies undertaken by them. She liaises with external auditors in relation to the auditing and accounting matters for the Group.

Ms. Thet joined the Group in June 2011, following the demerger of the Company from Life Corporation Limited ("LCL") (previously known as Cordlife Limited). She joined LCL in December 2007 as Senior Finance Manager, where, inter alia, she supported the senior management team in their strategic decision making process and corporate risk management of the business. Prior to joining LCL, Ms. Thet held various positions at Ernst & Young LLP from 2001 to 2007, including the position of Audit Manager and with her last position as a Training Manager where she was responsible for providing training to audit assistants and seniors. From 1997 to 2001, she held various positions at Tan Wee Tin & Co., her last position being Audit Supervisor, where she was responsible for the auditing of small and medium enterprises and multinational companies.

Ms. Thet obtained her Master of Business Administration from the University of Manchester in June 2014. She graduated with a Diploma in Accountancy from Ngee Ann Polytechnic in 1997. She is also a fellow of the Association of Chartered Certified Accountants, United Kingdom, and a non-practising member of the Institute of Singapore Chartered Accountants.

MR. JONATHAN LIAU YEN SAN
SENIOR DIRECTOR, CORPORATE DEVELOPMENT

Mr. Jonathan Liau is responsible for corporate development and new product development functions of the Company. He was appointed in September 2013, following the completion of the Group's acquisition of LCL's cord blood and cord lining banking businesses and assets in India, the Philippines, Hong Kong and Indonesia. Prior to that, he served as LCL's Chief Operating Officer.

He joined LCL in 2004 as Business and Technology Development Executive. In 2006, he was promoted to Business and Technology Development Manager, in-charge of all technology and quality assurance projects for the Hong Kong market. He took on the roles of Head of Business Development and Corporate Development Director in 2008 and 2010 respectively before becoming LCL's Chief Operating Officer in 2011.

Mr. Liau obtained his Master of Biochemical Engineering with Bioprocess Management from the University College London, United Kingdom in 2004. In addition to being awarded first class honours and Dean's list at his time in University College in London, he also obtained the Lonza Biologics Prize for best bioprocess studies in 2002 and the Kitson Prize, 2004, for outstanding graduating student. He also obtained his Master of Business Administration from the University of Chicago, Booth School of Business, United States in 2013.

SENIOR MANAGEMENT TEAM

MS. JAMIE WOON GEOK PENG

BUSINESS UNIT DIRECTOR, BANKING

Ms. Jamie Woon is responsible for the strategic and operational aspects of the Group's businesses and oversees all of Cordlife's banking businesses. Her job scope also includes identifying and implementing group-wide business growth strategies, strategizing innovation to meet the Group's overall financial and non-financial goals and ensuring that quality policies and objectives are established and met.

She joined LCL in October 2006 as Regional Marketing Manager and rose to become Head of Group Marketing and Corporate Communications. Her responsibilities included developing global marketing strategies and providing strategic directions to each country's marketing team. Ms. Woon also spearheaded a group-wide rebranding campaign to enhance Cordlife's public image. In 2013, she took on the role as Director of Hong Kong, where she was in charge of Cordlife's business in Hong Kong.

Prior to joining the Group, Ms. Woon was the Country Marketing Manager of Singapore and Malaysia with California Fitness for about 2 years where she was responsible for expanding the company's market share through marketing and branding campaigns. She also held various positions at the National Kidney Foundation (NKF) from 1998 to 2004, including her last position as Head of Communications Centre where she managed the organisation's outbound and inbound call centre as well as end-to-end telemarketing fundraising project management.

Ms. Woon obtained a Master of Business Administration from the Nanyang Technological University in 2012. She also graduated with a Bachelor of Science (Marketing) from the University of Wales and a Diploma in Chemical Process Technology from Singapore Polytechnic.

MS. TAN HUIYING

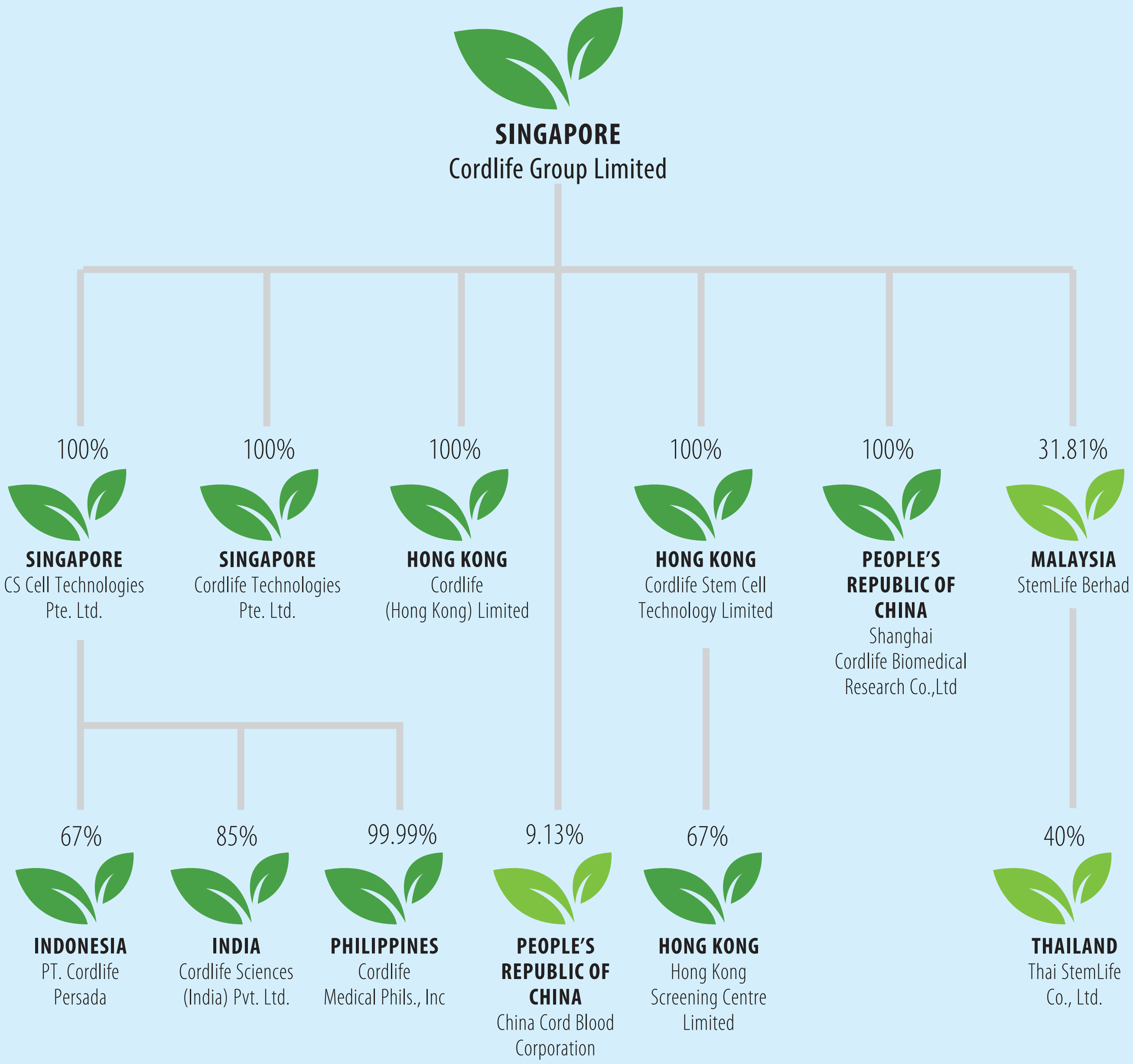
BUSINESS UNIT DIRECTOR, DIAGNOSTICS

Ms. Tan Huiying is responsible for the Group's diagnostics-related product portfolio and business. Her job scope includes developing and implementing growth and product strategies for the Group's relatively new diagnostics business to meet financial and non-financial goals. She works closely with the respective countries' directors to launch the diagnostics products and grow the business in various countries.

She joined the Group as Business Development/Technical Executive in June 2006, where she was involved with technical and quality assurance projects, including facility design and build, installation of quality management systems for ISO9001 certification. Since then, she has taken on various regional operations and business development roles at Cordlife such as Senior Business Development Manager from August 2010 to March 2013 and Director (Philippines) from March 2013 to January 2014. As Director (Philippines) and Senior Business Development Manager, she was responsible for the overall business and operations in the Philippines.

Ms. Tan obtained a Bachelor of Science (Honours) degree in Life Sciences from National University of Singapore, graduating in 2006. She also obtained her Master of Business Administration degree with Accountancy and Finance specialisations from Nanyang Technological University in July 2013 and was placed on the Dean's Honours List. She is currently a non-practising member of Institute of Singapore Chartered Accountants (formerly ICPAS) since June 2013.

GROUP STRUCTURE



CORPORATE INFORMATION

BOARD OF DIRECTORS
Dr. Ho Choon Hou
Chairman and Non-Executive Director

Mr. Yee Pinh Jeremy
Executive Director and Chief Executive Officer

Mr. Ho Sheng
Lead Independent Director

Dr. Goh Jin Hian
Independent Director

Mr. Wong Wai Leung, Joseph
Independent Director
(Appointed on September 23, 2014)

Mrs. Eileen Tay-Tan Bee Kiew
Independent Director
(Appointed on September 23, 2014)

Mr. Ng Tiak Soon
Independent Director
(Retired on October 17, 2014)

Ms. Jin Lu
Non-Executive Director
(Resigned on July 25, 2014)

COMPANY SECRETARIES
Ms. Ang Siew Koon, ACIS
Ms. Low Siew Tian, ACIS

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A'Posh Bizhub, #06-01 / 09,
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http://www.cordlife.com

REGISTRATION NUMBER
200102883E

SHARE REGISTRAR AND SHARE TRANSFER OFFICE
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Singapore 068898

INDEPENDENT AUDITORS
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Public Accountants and Chartered Accountants
One Raffles Quay
North Tower, Level 18
Singapore 048583
Partner-in-charge:
Mr. Terry Wee Hiang Bing
(appointed since financial year ended June 30, 2013)

SOLICITORS TO THE COMPANY
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12 Marina Boulevard Level 28
Marina Bay Financial Centre Tower 3
Singapore 018982

BANKERS
DBS Bank Ltd.
Malayan Banking Berhad
Bank of East Asia

INVESTOR RELATIONS
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Financial PR Pte Ltd
No. 4 Robinson Road, #04-01
The House of Eden
Singapore 048543
Tel: (65) 6438 2990
Email: investor.relations@cordlife.com

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 clients and shareholders.

The Company has endeavoured to adhere to the principles and guidelines as set out in the Code of Corporate Governance 2012 (the "Code") in financial year ended 30 June 2015 ("FY2015"). This Corporate Governance 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 Corporate Governance 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 FY2015.

BOARD MATTERS

Principle 1: The Board's Conduct of Affairs

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, corporate restructuring, mergers and acquisitions, major investments and divestments, material acquisition and disposal of assets, major corporate policies on key areas of operations, commitments to term loans and lines of credits from banks and financial institutions and the annual strategic plan and budget. The Board also approves share issuance, declaration of interim dividends and proposed declaration of final dividends and other returns to shareholders, financial results for release to the SGX-ST, interested person transactions of a material nature and all changes in the Board and Board Committees.

The Board meets on a regular basis and such scheduled meetings coincide with the announcement of the Group's quarterly results. 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 Articles of Association of the Company provide 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.

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

CORPORATE GOVERNANCE 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	Board	Audit Committee	Remuneration Committee	Nominating Committee	Board Risk Committee
Dr. Ho Choon Hou	Chairman and Non-Executive Director	Member	N.A.	N.A.	N.A.
Yee Pinh Jeremy	Executive Director and Chief Executive Officer	N.A.	N.A.	Member	Member
Ho Sheng	Lead Independent Director	Member	N.A.	Chairman	N.A.
Dr. Goh Jin Hian	Independent Director	N.A.	Chairman	Member	Member
Eileen Tay-Tan Bee Kiew	Independent Director	Chairman	Member	N.A.	N.A.
Joseph Wong Wai Leung	Independent Director	N.A.	Member	N.A.	Chairman

In FY2015, a total of 7 Board meetings were held. The table below shows the attendance of the Directors at the Board and respective Board Committee meetings in respect of FY2015[(1)]:

	Board	Audit Committee	Remuneration Committee	Nominating Committee	Board Risk Committee
Name of Director	No. of meetings attended	No. of meetings attended	No. of meetings attended	No. of meetings attended	No. of meetings attended
Dr. Ho Choon Hou	7/7	4/4	N.A.	N.A.	N.A.
Yee Pinh Jeremy	6/7	N.A.	N.A.	1/1	2/2
Ho Sheng[(2)]	7/7	4/4	N.A.	1/1	1/1
Dr. Goh Jin Hian	7/7	N.A.	2/2	1/1	2/2
Eileen Tay-Tan Bee Kiew[(3)]	4/4	3/3	1/1	N.A.	N.A.
Joseph Wong Wai Leung[(4)]	4/4	N.A.	1/1	N.A.	1/1
Ng Tiak Soon[(5)]	3/3	1/1	1/1	N.A.	N.A.

(1) Refers to meetings held/attended while each Director was in office.

(2) Mr Ho Sheng resigned as the Chairman of the Board Risk Committee with effect from 17 October 2014.

(3) Mrs Eileen Tay-Tan Bee Kiew was appointed as a Director of the Company with effect from 23 September 2014 and further appointed as the Chairman of the Audit Committee and a member of the Remuneration Committee with effect from 17 October 2014.

(4) Mr Joseph Wong Wai Leung was appointed as a Director of the Company with effect from 23 September 2014 and further appointed as the Chairman of the Board Risk Committee in place of Mr Ho Sheng and a member of the Remuneration Committee with effect from 17 October 2014.

(5) Mr Ng Tiak Soon retired upon the conclusion of the AGM held on 17 October 2014.

CORPORATE GOVERNANCE REPORT

A formal letter is provided to each Director upon his or her appointment, setting out the Director's duties and obligations. The Board also ensures that newly appointed Directors receive an orientation that includes briefings by the management of the Company (the "Management") on the Group's structure, strategic objectives, business operations and policies. All Directors are also given opportunities to visit the Group's operational facilities and get to know the members of the Management team.

The Directors are kept abreast of the changing commercial risks faced by the Company through briefings by the Management at Board meetings. The Directors also recognise the importance of being informed on the latest changes in laws and regulations, guidelines and accounting standards, and attend training courses conducted by professional organisations from time to time.

Principle 2: Board Composition and Guidance

As at 30 June 2015, the Board comprised six Directors of whom one is an Executive Director, one is a non-independent non-executive Director, and four are Independent Directors.

The Company maintains a satisfactory independent element on the Board by having four Independent Directors out of the total six members of the Board. It is in compliance with Guideline 2.2 of the Code which recommends that at least half of the Board should be independent if the Chairman of the Board is not an Independent Director. The Nominating Committee reviews the independence of each Director annually, bearing in mind the circumstances set forth in the Code.

The Board and the Nominating Committee are also of the view that the current Board comprises Directors who bring with them a wealth of expertise and experience in areas such as accounting, finance, business or management experience and industry knowledge, strategic planning experience and client-based experience or knowledge. Its composition enables the Management to benefit from a diverse and objective perspective on any issues raised before the Board. Key information on the Directors is set out on pages 24 to 27 of this Annual Report.

While all the Directors share an equal responsibility for the Company's operations, the role of the independent, non-executive Directors is crucial in helping to develop proposals on company strategies and to ensure that the strategies proposed by the Management are constructively challenged. The non-executive Directors are also responsible for reviewing the performance of the Management in meeting agreed goals and objectives and monitoring the reporting of performance.

The Company was listed on the SGX-ST on 29 March 2012 and none of the Independent Directors had served on the Board for more than nine years.

To facilitate a more effective check on the Management, the non-executive Directors have met and/or communicated on several occasions on an informal basis to discuss matters relating to the Company without the presence of the Management (including the Executive Director).

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 Chief Executive Officer ("CEO") of the Company are undertaken separately by Dr. Ho Choon Hou and Mr. Yee Pinh Jeremy respectively.

CORPORATE GOVERNANCE REPORT

The Chairman, Dr. Ho Choon Hou, is a non-independent non-executive Director. He leads the Board in adhering to and maintaining a high standard of corporate governance with the full support of the Directors and the 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 the Management of the Company. He also facilitates timely communication between the Company and its shareholders and amongst the Board members inter se, with a view to encouraging constructive relations and dialogue between them. At the Annual General Meeting ("AGM") and other shareholder meetings, the Chairman ensures constructive dialogue between shareholders, the other Directors and the Management.

Mr Yee Pinh Jeremy is the Executive Director and CEO of the Company. He manages the businesses of the Group and implements the decisions made by the Board. The CEO 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 CEO are reviewed periodically by the Nominating Committee and the remuneration packages of the Chairman and the CEO are reviewed periodically by the Remuneration Committee. With the segregation of duties between the Chairman and the CEO, the Board believes that there are adequate safeguards in place to prevent an uneven concentration of power and authority in a single individual.

In accordance with Guideline 3.3 of the Code, as the Chairman is not an Independent Director, Mr Ho Sheng has been appointed as the Lead Independent Director of the Board. As the Lead Independent Director, he leads and encourages dialogue between Independent Directors without the presence of the other Directors and provides feedback to the Chairman. He is also available as the alternate channel for shareholders, should shareholders fail to resolve concerns through the normal channels of the Chairman, CEO, Chief Financial Officer ("CFO") or when such normal channels are inappropriate.

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 Independent Directors, including its Chairman:

Ho Sheng (Lead Independent Director) (Chairman of the NC)

Dr. Goh Jin Hian (Independent Director)

Yee Pinh Jeremy (Executive Director)

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, 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;

CORPORATE GOVERNANCE REPORT

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 through engaging of professional firms and recommendations by Directors, the 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 Articles of Association, every Director is required to retire from office once every three years. One-third of 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 Articles of Association, 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.

Pursuant to the Company's Articles of Association, Mr Yee Pinh Jeremy and Mr Ho Sheng will retire at the forthcoming AGM. 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 Mr Yee Pinh Jeremy and Mr Ho Sheng at the forthcoming AGM. The retiring Directors, being eligible, have offered themselves for re-election. The Board has concurred with the NC's recommendation.

Each member of the NC shall abstain from voting on any resolutions and making any recommendations and/or participating in any deliberations of the NC in respect of his or her re-election as Director.

The NC has not fixed a maximum number of listed company board representation which 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 on the basis of 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 profile of the Directors, detailing their qualification, 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 24 to 27 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.

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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 compilation of average scores. The compiled results are then tabulated and tabled at the NC meeting for the 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 Board of Directors' evaluation was conducted in August 2015 and the results have been presented to the NC for discussion. 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. In addition, 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.

Principle 6: Access to Information

Board members are provided with complete, adequate and timely information prior to Board meetings to allow Directors sufficient time to review the 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 are provided with 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 representative attend all Board and Board Committee meetings and provide corporate secretarial support to the Board, ensure adherence to Board procedures and compliance with the relevant rules and regulations of the Memorandum and Articles of Association of the Company, the Companies Act (Chapter 50 of Singapore), the Listing Manual of the SGX-ST 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 fulfill 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 7: Remuneration Committee

The RC, regulated by a set of written terms of reference endorsed by the Board, comprises all Independent Directors:

Dr. Goh Jin Hian (Independent Director) (Chairman of the RC)

Eileen Tay-Tan Bee Kiew (Independent Director)

Joseph Wong Wai Leung (Independent Director)

CORPORATE GOVERNANCE REPORT

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, CEO 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 8: 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.

For FY2015, Carrots Consulting Pte Ltd ("Carrots Consulting") and its associated companies, Align HR Consulting Pte Ltd and Align SMA Pte Ltd, were engaged to provide professional advice on remuneration and human resource related matters respectively. Carrots Consulting and its principal consultant, Mr Johan Grundlingh, do not have any other relationship with the Company's Management or any of its Directors which could affect their independence and objectivity. Cordlife is one of the many clients of Carrots Consulting and the total revenue generated from Cordlife in FY2015 represents less than 5 percent of its total revenue. As such, Carrots Consulting does not place over-reliance on income from the Company that would affect its independence in advising the Company.

<u>Remuneration of the Executive Director and key management personnel</u>

In setting the remuneration package of the Executive Director, 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 Director.

CORPORATE GOVERNANCE REPORT

The compensation structure is designed to ensure that the level and mix of remuneration is competitive, relevant and appropriate in finding a balance between current and long-term compensation. The Company has in place the following incentive plan in FY2015:

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 Plan.

The Plan is a performance incentive scheme which forms an integral part of the Group's incentive compensation program. 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 FY2015 contingent awards under the Plan are granted conditional on meeting performance targets set based on the following Group corporate objectives measured over a performance period of two financial years:

- Group's Average Return on Invested Capital (ROIC); and
- Group's Average Absolute Total Shareholder Return (TSR) measured as a multiple of Cost of Equity.

Each of the above objectives has a weightage of 50% towards the final performance achievement computation.

Pursuant to the SGP, the Committee 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 200% 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.

In addition, a retention period of at least one year after the vesting date of the share grant will be imposed in respect of 50% of all shares awarded to the participants under the Plan. The awarded shares may not be transferred or otherwise disposed of during this retention period.

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.

<u>Remuneration of Non-Executive Directors and Independent Directors</u>

The Independent Directors do not have service agreements with the Company. The Independent Directors and non-executive Directors 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.

CORPORATE GOVERNANCE REPORT

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.

Principle 9: Disclosure on Remuneration

A breakdown showing the level and mix of each individual Director's remuneration for FY2015 is disclosed in the table below:

Directors		Salary (%)	Bonus (%)	Allowances (%)	Fees (%)	Total (%)
Above S$500,000 to S$1,000,000						
Yee Pinh Jeremy	CEO, Executive Director	40	56	4	–	100
		(S$)	**(S$)**	**(S$)**	**(S$)**	**(S$)**
S$250,000 and below						
Dr. Ho Choon Hou	Chairman, Non-Executive Non-Independent Director	–	–	–	238,000	238,000
Ho Sheng	Independent Director	–	–	–	83,000	83,000
Goh Jin Hian	Independent Director	–	–	–	83,000	83,000
Eileen Tay-Tan Bee Kiew	Independent Director	–	–	–	64,123	64,123
Joseph Wong Wai Leung	Independent Director	–	–	–	64,123	64,123

The remuneration of the CEO of the Company is not disclosed 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 Group CEO) is disclosed in the table below:

Key Executives		Salary (%)	Bonus (%)	Allowances (%)	Total (%)
Above S$250,000 to S$500,000					
Thet Hnin Yi	Chief Financial Officer	73	22	5	100
Liau Yen San Jonathan	Senior Director, Corporate Development	66	29	5	100
S$250,000 and below					
Woon Geok Peng (Jamie)	Business Unit Director, Banking	63	29	8	100
Lee Mei Suan (Stella)	Business Unit Director, Organisational Development	72	19	9	100
Tan Huiying	Business Unit Director, Diagnostics	71	21	8	100

CORPORATE GOVERNANCE REPORT

For FY2015, the aggregate total remuneration paid to the top five (5) key management personnel (excluding the CEO) amounts to approximately S$1,100,000.

For FY2015, there was no termination, retirement and post-employment benefits granted to the Directors (including the CEO) 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 CEO).

ACCOUNTABILITY AND AUDIT

Principle 10: Accountability

In presenting the annual and quarterly 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 11: Risk Management and Internal Controls

The Board, with the assistance of the BRC and AC, is responsible for the governance of risk by ensuring that the Management implements and maintains a sound system of risk management and internal controls.

The AC is 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 SGX-ST Listing Manual and Code. In this regard, the AC is assisted by the BRC.

The BRC is regulated by a set of written terms of reference and comprises the following members:

Joseph Wong Wai Leung (Independent Director) (Chairman of the BRC)

Dr. Goh Jin Hian (Independent Director)

Yee Pinh Jeremy (Executive Director and CEO)

The functions of the BRC include, amongst others:

1. advising the Board on the Company's overall risk tolerance and strategy;

2. overseeing and advising the Board on the current risk exposures and future risk strategy of the Company;

3. in relation to risk assessment, (i) reviewing the Company's overall risk assessment processes that inform the Board's decision-making; (ii) reviewing regularly and approve the parameters used in these measures and the methodology adopted; and (iii) setting a process for the accurate and timely monitoring of large exposures and certain risk types of critical importance;

4. reviewing the effectiveness of the Company's internal controls and risk management systems and reviewing and approving the statements to be included in the Annual Report concerning the effectiveness of the Company's internal control and risk management systems;

CORPORATE GOVERNANCE REPORT

For the financial year ended 30 June 2015, the Board has received written assurance from the CEO and CFO that:

(a) the financial records of the Company have been properly maintained and the financial statements give a true and fair view of the Company's operations and finances; and

(b) the Company's internal controls and risk management systems have been adequate and effective to address the risks which the Company considers relevant and material to its operations.

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 the Management, various Board Committees and the Board and the written assurance from the CEO and CFO, the AC and the Board are of the opinion that the Group's internal controls addressing key financial, operational, compliance and information technology controls, and risk management systems were adequate as at 30 June 2015.

Principle 12: Audit Committee

The AC, regulated by a set of written terms of reference, comprises three Directors, the majority of whom are independent and all of whom are non-executive Directors:

Eileen Tay-Tan Bee Kiew (Independent Director) (Chairman of the AC)

Ho Sheng (Independent Director)

Dr. Ho Choon Hou (Non-Executive Director)

The functions of the AC include, amongst others:

1. 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;

2. reviewing the scope and results of the audit and its cost effectiveness, and the independence and objectivity of the external auditors;

3. 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 the Management and the Management's response, and the results of the audits conducted by the internal and external auditors;

4. reviewing the quarterly, half-yearly and annual financial statements and results announcements 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;

CORPORATE GOVERNANCE REPORT

5. 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 the Management where necessary);

6. reviewing any interested person transactions to ensure that procedures are followed in accordance with the internal control measures which the Group has adopted;

7. 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;

8. commissioning of an audit of the internal control and accounting systems of the Group until such time the AC is satisfied that the Group's internal controls are robust and effective enough to mitigate the Group's internal control weaknesses (if any);

9. 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;

10. reviewing the appointments of and remuneration of persons (upon appointment and upon renewal of their respective service contracts) occupying managerial positions who are related to the Directors or the controlling shareholders;

11. reviewing and approving transactions falling within the scope of Chapter 9 and Chapter 10 of the Listing Manual (if any);

12. reviewing any potential conflicts of interest;

13. reviewing the adequacy of potential business risk management processes;

14. reviewing and approving all hedging policies and instruments (if any) to be implemented by the Group;

15. undertaking such other reviews and projects as may be requested by the Board and reporting to the Board its findings from time to time on matters arising and requiring the attention of the AC;

16. reviewing and establishing procedures for receipt, retention and treatment of whistle blowing 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

17. 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 AC 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.

CORPORATE GOVERNANCE REPORT

Each member of the AC 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 AC are appropriately qualified to discharge their responsibilities. The AC held four (4) meetings in FY2015. These meetings were attended by the CEO and the CFO of the Company at the invitation of the AC. The Group's external auditors were also present at these meetings. The AC has also held a private session each with the external and internal auditors, without the presence of the Executive Director and the management personnel.

The AC has met with the Group's external auditors, Messrs Ernst & Young LLP ("EY"), to discuss the results of EY's audit of the Group for FY2015 and the evaluation of the Group's system of internal controls. The AC 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 FY2015 prior to its recommendation to the Board for approval.

In addition, the AC, having reviewed the non-audit services provided by the external auditors, EY, for FY2015, is satisfied with the independence and objectivity of EY as the external auditors to the Group.

The total amount of audit fees paid to EY during FY2015 is S$250,000 out of which S$229,000 was for audit services and S$21,000 was for non-audit services.

The AC has recommended the re-appointment of EY as the external auditors for the financial year ending 30 June 2016 at the forthcoming AGM.

To keep abreast of changes to the accounting standards and issues which have a direct impact on the Company's financial statements, the AC members have taken steps to attend courses and seminars, and where appropriate, at the expense of the Company.

Principle 13: 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 AC is able to carry out its responsibilities effectively. Messrs PricewaterhouseCoopers LLP ("PwC") is the existing internal auditor of the Group. PwC primarily reports to the Chairman of the AC and has unfettered access to all of the Group's documents, records, properties and personnel. The representatives from PwC who are in-charge of the internal audit of the Company are invited to the AC Meeting every quarter to present their Internal Audit Report.

The AC reviews the internal auditor on an annual basis, and is satisfied, based on the last review, that the internal audit function is adequately resourced 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 PwC Global Internal Audit Services Methodology, which is aligned to the International Standards for the Professional Practice of Internal Auditing.

The AC 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 has also developed a whistle blowing policy. This policy provides well-defined and accessible channels in the Group through which employees may raise concerns about improper conduct within the Group.

CORPORATE GOVERNANCE REPORT

COMMUNICATION WITH SHAREHOLDERS

Principle 14: Shareholder Rights

Principle 15: Communication with the Shareholders

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. An external investor relations firm, Financial PR, has also been appointed to address such enquiries.

The CEO and/or CFO meets with investors, fund managers and analysts and attends 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 through SGXNET for the information of all shareholders. 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 Internet websites.

Principle 16: 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 Company also allows shareholders who hold shares through their CPF approved nominees to attend the AGM as observers.

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 auditor's 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 that are put to the vote at the forthcoming AGM would be voted on by poll and the detailed results of the poll will be released to the public via SGXNET.

The Company will also prepare minutes of general meetings that include substantial comments or queries from shareholders and responses from the Board and Management, and will make such minutes or notes available to shareholders upon their request.

CORPORATE GOVERNANCE REPORT

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 two weeks before the announcement of the Company's first three quarter results and one month before the release of the Company's full-year financial results.

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 FY2015.

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 CEO, the Directors or controlling shareholder 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.

CORPORATE GOVERNANCE REPORT

USE OF INITIAL PUBLIC OFFERING ("IPO") PROCEEDS AND USE OF PLACEMENT PROCEEDS [Listing Manual, Rule 1207(20)]

As at 30 June 2015, the Group has utilised approximately S$28.1 million of the IPO Proceeds as follows:

Intended Use of IPO Proceeds	Estimated amount S$ (in millions)	Estimated percentage of gross proceeds raised from the IPO	Amount utilised S$ (in millions)	Percentage of gross proceeds raised from the IPO
Development and expansion of business and operations in Singapore and overseas	16.6	55.9%	16.6	55.9%
Renovation of new headquarters and facility at Yishun, A'Posh Bizhub	3.0	10.1%	1.0	3.4%
Investments in infrastructure relating to information technology	2.0	6.7%	0.4	1.3%
Working capital and general corporate purposes	4.7	15.8%	6.4	21.5%
Expenses incurred in connection with the IPO	3.4	11.5%	3.7	12.5%
	29.7	100.0%	28.1	94.6%

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

Amount utilised for working capital and general corporate purposes	Amount utilised S$ (in millions)
Salaries, Central Provident Fund contributions and other short term benefits	1.20
Trade purchases	1.10
Legal and professional fees	0.55
Advertising and marketing expenses	0.90
Administrative expenses	0.70
Business travel expenses	0.20
Income tax and Goods and Services Tax ("GST")	0.20
Establishment of S$500 million Multicurrency Debt Issuance programme	0.03
Issue of S$120 million per 4.9% Fixed Rate Notes due 2017	1.20
Magnum Loan	0.09
Purchase of CCBC Convertible Note	0.23
	6.40

CORPORATE GOVERNANCE REPORT

As at 30 June 2015, the Group has utilised approximately S$8.3 million of the Private Placement proceeds as follows:

Intended Use of Placement Proceeds	Estimated amount S$ (in millions)	Estimated percentage of gross proceeds raised from the Private Placement	Amount utilised S$ (in millions)	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 IPO, 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%	5.4	16.1%
General working capital	8.6	25.7%	2.3	6.9%
Expenses incurred in connection with the Private Placement	1.4	4.2%	0.6	1.8%
	33.5	100.0%	8.3	24.8%

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

Amount utilised as general working capital:

Trade purchases	2.2
Legal and professional fees	0.1
	2.3

FINANCIAL CONTENTS

DIRECTORS' REPORT

The directors are pleased to present their report to the members together with the audited consolidated financial statements of Cordlife Group Limited (the "Company") and its subsidiaries (collectively, the "Group") and the statement of financial position and statement of changes in equity of the Company for the financial year ended 30 June 2015.

DIRECTORS

The directors of the Company in office at the date of this report are:

Dr. Ho Choon Hou
Mr Yee Pinh Jeremy
Mr Ho Sheng
Dr. Goh Jin Hian
Mr Joseph Wong Wai Leung
Mrs Eileen Tay-Tan Bee Kiew

ARRANGEMENTS TO ENABLE DIRECTORS TO ACQUIRE SHARES AND DEBENTURES

Except as disclosed in this report, 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.

DIRECTORS' INTERESTS IN SHARES AND DEBENTURES

The following directors, who held office at the end of the financial year, had, according to the register of directors' shareholdings required to be kept under Section 164 of the Singapore Companies Act, Cap. 50, an interest in shares and share options of the Company and related corporations (other than wholly-owned subsidiaries) as stated below:

	Direct Interest		Deemed Interest	
Name of directors and company in which interests are held	**At beginning of the year**	**At end of the year**	**At beginning of the year**	**At end of the year**
Cordlife Group Limited				
Ordinary shares				
Mr Yee Pinh Jeremy	1,731,034	1,731,034	–	–
Dr. Ho Choon Hou	684,061	792,061	–	–
Mr Ho Sheng	–	–	100,000	250,000
Conditional award of shares				
Mr Yee Pinh Jeremy	58,500	128,400	–	–
Debentures				
Mr Yee Pinh Jeremy	–	1,500,000	–	–

There was no change in any of the above-mentioned interests in the Company between the end of the financial year and 21 July 2015.

Except as disclosed in this report, no director who held office at the end of the financial year had interests in shares, share options, warrants or debentures of the Company, or of related corporations, either at the beginning of the financial year, or at the end of the financial year.

DIRECTORS' REPORT

DIRECTORS' CONTRACTUAL BENEFITS

Except as disclosed in Note 34(b) of the financial statements, since the end of the previous financial year, no director of the Company has received or become entitled to receive a benefit by reason of a contract made by the Company or a related corporation with the director, or with a firm of which the director is a member, or with a company in which the director has a substantial financial interest.

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. In addition, for a period of at least one year after the award of the shares, 50% of all shares awarded to the participants under the Plan may not be transferred or otherwise disposed of for a period of at least one year.

Details of the Plan are disclosed in Note 33 of the financial statements.

The RC administering the Plan comprises three directors, Dr. Goh Jin Hian, Mr Joseph Wong Wai Leung and Mrs Eileen Tay-Tan Bee Kiew.

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

Grant date	Balance as at 1 July 2014	Grants during the financial year	Cancelled during the financial year	Balance as at 30 June 2015
27 January 2014	138,300	–	–	138,300
16 December 2014	–	178,200	–	178,200

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

Name of participant	Shares granted during the financial year	Aggregate shares granted since commencement of the Plan to the end of the financial year	Aggregate shares exercised since commencement of the Plan to the end of the financial year	Aggregate shares cancelled as at end of the financial year	Aggregate shares outstanding as at the end of the financial year
Mr Yee Pinh Jeremy	69,900	128,400	–	–	128,400

DIRECTORS' REPORT

SHARE GRANT PLANS (CONTINUED)

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 COMMITTEE

The audit committee (the "AC") carried out its functions in accordance with section 201B (5) of the Singapore Companies Act, Chapter. 50, 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 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 AC;

– 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 AC to the board of directors with such recommendations as the AC considers appropriate; and

– Reviews interested person transactions in accordance with the requirements of the Singapore Exchange Securities Trading Limited's Listing Manual.

DIRECTORS' REPORT

AUDIT COMMITTEE (CONTINUED)

The AC, 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 AC has also conducted a review of interested person transactions.

The AC convened four meetings during the year with all members present. The AC 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 AC are disclosed in the Corporate Governance Report.

AUDITOR

Ernst & Young LLP have expressed their willingness to accept reappointment as auditor.

On behalf of the board of directors:

Dr. Ho Choon Hou
Director

Mr Yee Pinh Jeremy
Director

Singapore
23 September 2015

STATEMENT BY DIRECTORS

We, Dr. Ho Choon Hou and Mr Yee Pinh Jeremy, being two of the directors of Cordlife Group Limited, do hereby state that, in the opinion of the directors:

(i) the accompanying consolidated statement of comprehensive income, statements of financial position, statements of changes in equity, and consolidated statement of cash flows together with notes thereto 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 30 June 2015 and of the financial performance, changes in equity and cash flows of the Group and the changes in equity of the Company for the year ended on that date, and

(ii) 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.

On behalf of the board of directors:

Dr. Ho Choon Hou
Director

Mr Yee Pinh Jeremy
Director

Singapore
23 September 2015

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF CORDLIFE GROUP LIMITED

REPORT ON THE FINANCIAL STATEMENTS

We have audited the accompanying financial statements of Cordlife Group Limited (the "Company") and its subsidiaries (the "Group") set out on pages 58 to 132, which comprise the statements of financial position of the Group and the Company as at 30 June 2015, the statements of changes in equity of the Group and the Company and the consolidated statement of comprehensive income and consolidated statement of cash flows of the Group for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's responsibility 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 Singapore Companies Act, Chapter 50 (the "Act") and Singapore Financial Reporting Standards, 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.

Auditor's responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Singapore Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of financial statements that give a true and fair view 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 entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the 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 Act and Singapore Financial Reporting Standards so as to give a true and fair view of the financial position of the Group and of the Company as at 30 June 2015 and of the financial performance, changes in equity and cash flows of the Group and the changes in equity of the Company for the year ended on that date.

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF CORDLIFE GROUP LIMITED

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.

Ernst & Young LLP
Public Accountants and
Chartered Accountants

Singapore
23 September 2015

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2015

	Note	2015 $'000	2014 $'000
Revenue	4	57,583	49,087
Cost of sales		(17,560)	(14,229)
Gross profit		40,023	34,858
Other operating income	5	773	1,273
Selling and marketing expenses		(17,657)	(12,155)
Administrative expenses		(17,254)	(14,966)
Finance income	6	409	288
Finance costs	7	(185)	(217)
Profit before income tax from operations		6,109	9,081
Share of results of associate		(436)	(2,350)
Impairment loss on investment in associate	11	(2,646)	–
Fair value gain on investment properties	13	265	110
Fair value changes on financial asset designated at fair value through profit or loss		10,364	18,716
Fair value changes on derivative asset	16	12,922	–
Gain on transfer from associate to financial asset designated at fair value through profit or loss	11	–	6,297
Exchange differences		4,653	–
Finance income	6	6,634	–
Finance costs	7	(4,597)	–
Profit before income tax	8	33,268	31,854
Income tax	9	(1,143)	(1,474)
Profit for the year		32,125	30,380
Other comprehensive income:			
Items that may be reclassified subsequently to profit or loss			
Foreign currency translation		(80)	(419)
Share of foreign currency translation of associate		(310)	88
Transfer of investment in associate to financial asset designated at fair value through profit or loss		–	(341)
Other comprehensive loss for the year, net of tax		(390)	(672)
Total comprehensive income for the year		31,735	29,708
Profit/(loss) for the year attributable to:			
Owners of the Company		32,460	30,521
Non-controlling interests		(335)	(141)
		32,125	30,380
Total comprehensive income/(loss) for the year attributable to:			
Owners of the Company		32,013	29,845
Non-controlling interests		(278)	(137)
		31,735	29,708
Earnings per share (cents per share):			
Basic	10	12.48	11.90
Diluted	10	12.47	11.90

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

STATEMENTS OF FINANCIAL POSITION

AS AT 30 JUNE 2015

	Note	Group 2015 $'000	Group 2014 $'000	Company 2015 $'000	Company 2014 $'000
Non-current assets					
Investment in associate	11	13,543	16,819	13,543	18,220
Investment in subsidiaries	32	–	–	21,034	21,034
Financial asset designated at fair value through profit or loss	15	60,858	50,494	60,858	50,494
Derivative asset	16	37,971	–	37,971	–
Property, plant and equipment	12	9,564	8,409	7,098	6,545
Investment properties	13	3,795	4,830	3,795	4,830
Intangible assets	14	2,546	1,941	1,164	424
Trade receivables	17	54,606	45,961	43,458	39,258
Other receivables	18	98,513	229	98,513	18
		281,396	128,683	287,434	140,823
Current assets					
Cash and cash equivalents	20	15,738	32,643	11,668	28,451
Short term investments	21	1,234	988	–	–
Fixed deposits	19	12,256	11,778	11,949	11,500
Pledged fixed deposits	19	320	348	–	–
Trade receivables	17	15,256	12,890	7,278	6,858
Other receivables	18	4,210	1,054	2,724	397
Prepayments		1,702	1,678	961	733
Inventories	22	851	645	347	233
Amounts owing by subsidiaries	23	–	–	11,368	6,156
		51,567	62,024	46,295	54,328
Total assets		332,963	190,707	333,729	195,151
Current liabilities					
Trade and other payables	24	11,597	8,887	7,027	4,615
Deferred revenue	25	3,989	5,378	1,994	3,123
Amounts owing to subsidiaries	23	–	–	25,090	1,917
Tax payable		1,103	1,558	463	1,296
Interest-bearing borrowings	26	4,486	4,448	4,486	4,448
		21,175	20,271	39,060	15,399
Net current assets		30,392	41,753	7,235	38,929

STATEMENTS OF FINANCIAL POSITION

AS AT 30 JUNE 2015

	Note	Group 2015 $'000	Group 2014 $'000	Company 2015 $'000	Company 2014 $'000
Non-current liabilities					
Other payables	24	1,306	81	1,306	–
Deferred revenue	25	23,627	20,473	13,111	12,160
Amount owing to subsidiary	23	–	–	–	21,035
Interest-bearing borrowings	26	7,355	8,402	7,355	8,402
Notes payable	27	117,463	–	117,463	–
Deferred tax liabilities	28	91	188	105	226
		149,842	29,144	139,340	41,823
Total liabilities		171,017	49,415	178,400	57,222
Net assets		161,946	141,292	155,329	137,929
Capital and reserves					
Share capital	29(a)	96,657	96,657	96,657	96,657
Treasury shares	29(b)	(9,901)	(3,898)	(9,901)	(3,898)
Accumulated profits		78,633	51,359	67,998	44,703
Other reserves	30	(2,983)	(2,644)	575	467
		162,406	141,474	155,329	137,929
Non-controlling interests	32	(460)	(182)	–	–
Total equity		161,946	141,292	155,329	137,929
Total equity and liabilities		332,963	190,707	333,729	195,151

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

STATEMENTS OF CHANGES IN EQUITY

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2015

	Note	Share capital $'000	Treasury Shares $'000	Accumulated profits $'000	Capital reserve $'000	Merger reserve $'000	Acquisition reserve $'000	Share-based compensation reserve $'000	Foreign currency translation reserve $'000	Non-controlling interests $'000	Total $'000
Group											
Balance at 1 July 2013		53,548	(103)	26,176	568	534	(2,184)	–	(931)	(45)	77,563
Profit/(loss) for the year		–	–	30,521	–	–	–	–	–	(141)	30,380
Other comprehensive income/(loss) for the year, net of tax											
– Foreign currency translation		–	–	–	–	–	–	–	(423)	4	(419)
– Share of other comprehensive income of associates		–	–	–	–	–	–	–	88	–	88
– Transfer of investment in associate to financial asset designated at fair value through profit or loss		–	–	–	–	–	–	–	(341)	–	(341)
Total comprehensive income/(loss) for the year		–	–	30,521	–	–	–	–	(676)	(137)	29,708
Contributions by and distributions to owners											
Issuance of shares as consideration for acquisition of associate	29(a)	10,000	–	–	–	–	–	–	–	–	10,000
Issuance of shares pursuant to private placement	29(a)	33,548	–	–	–	–	–	–	–	–	33,548
Share issuance expense	29(a)	(439)	–	–	–	–	–	–	–	–	(439)
Purchase of treasury shares	29(b)	–	(3,795)	–	–	–	–	–	–	–	(3,795)
Grant of share awards to employees	33	–	–	–	–	–	–	45	–	–	45
Dividends	40	–	–	(5,338)	–	–	–	–	–	–	(5,338)
Total contributions by and distributions to owners		43,109	(3,795)	(5,338)	–	–	–	45	–	–	34,021
Balance as at 30 June 2014		96,657	(3,898)	51,359	568	534	(2,184)	45	(1,607)	(182)	141,292

STATEMENTS OF CHANGES IN EQUITY

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2015

	Note	Share capital $'000	Treasury Shares $'000	Accumulated profits $'000	Capital reserve $'000	Merger reserve $'000	Acquisition reserve $'000	Share-based compensation reserve $'000	Foreign currency translation reserve $'000	Non-controlling interests $'000	Total $'000
Group											
Balance at 1 July 2014		96,657	(3,898)	51,359	568	534	(2,184)	45	(1,607)	(182)	141,292
Profit/(loss) for the year		–	–	32,460	–	–	–	–	–	(335)	32,125
Other comprehensive (loss)/income for the year, net of tax											
– Foreign currency translation		–	–	–	–	–	–	–	(137)	57	(80)
– Share of other comprehensive expense of associate		–	–	–	–	–	–	–	(310)	–	(310)
Total comprehensive income/(loss) for the year		–	–	32,460	–	–	–	–	(447)	(278)	31,735
Contributions by and distributions to owners											
Purchase of treasury shares	29(b)	–	(6,003)	–	–	–	–	–	–	–	(6,003)
Grant of share awards to employees	33	–	–	–	–	–	–	108	–	–	108
Dividends	40	–	–	(5,186)	–	–	–	–	–	–	(5,186)
Total contributions by and distributions to owners		–	(6,003)	(5,186)	–	–	–	108	–	–	(11,081)
Balance at 30 June 2015		96,657	(9,901)	78,633	568	534	(2,184)	153	(2,054)	(460)	161,946

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

STATEMENTS OF CHANGES IN EQUITY

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2015

	Note	Share capital $'000	Treasury shares $'000	Accumulated profits $'000	Capital reserve $'000	Share-based compensation reserve $'000	Total $'000
Company							
Balance at 1 July 2013		53,548	(103)	16,818	422	–	70,685
Profit for the year, representing total comprehensive income for the year		–	–	33,223	–	–	33,223
Contributions by and distributions to owners							
Issuance of shares as consideration for acquisition of associate	29(a)	10,000	–	–	–	–	10,000
Issuance of shares pursuant to private placement	29(a)	33,548	–	–	–	–	33,548
Share issuance expense	29(a)	(439)	–	–	–	–	(439)
Purchase of treasury shares	29(b)	–	(3,795)	–	–	–	(3,795)
Grant of share awards to employees	33	–	–	–	–	45	45
Dividends	40	–	–	(5,338)	–	–	(5,338)
Total contributions by and distributions to owners		43,109	(3,795)	(5,338)	–	45	34,021
Balance at 30 June 2014 and 1 July 2014		96,657	(3,898)	44,703	422	45	137,929
Profit for the year, representing total comprehensive income for the year		–	–	28,481	–	–	28,481
Contributions by and distributions to owners							
Purchase of treasury shares	29(b)	–	(6,003)	–	–	–	(6,003)
Grant of share awards to employees	33	–	–	–	–	108	108
Dividends	40	–	–	(5,186)	–	–	(5,186)
Total contributions by and distributions to owners		–	(6,003)	(5,186)	–	108	(11,081)
Balance at 30 June 2015		96,657	(9,901)	67,998	422	153	155,329

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2015

	Note	2015 $'000	2014 $'000
Cash flows from operating activities:			
Profit before income tax		33,268	31,854
Adjustments for:			
Depreciation of property, plant and equipment	12	1,461	1,290
Amortisation of intangible assets	14	227	218
Gain on disposal of property, plant and equipment	8	–	(12)
Gain on disposal of investment property	13	(54)	–
Interest income	6	(7,043)	(288)
Interest expense	7	4,782	217
Share-based compensation expense	33	108	45
Impairment loss on investment in associate	11	2,646	–
Impairment loss on trade receivables and bad debts written off	8	511	192
Share of results of associate		436	2,350
Unrealised share of other (income)/expense from associate		(106)	318
Fair value gain on investment properties	13	(265)	(110)
Fair value changes on financial asset designated at fair value through profit or loss		(10,364)	(18,716)
Gain on transfer from associate to financial asset designated at fair value through profit or loss	11	–	(6,297)
Fair value gain on derivative asset	16	(12,922)	–
Unrealised exchange gain		(4,780)	(281)
Operating cash flows before changes in working capital		7,905	10,780
Changes in working capital:			
Increase in trade receivables		(11,522)	(8,179)
(Increase)/decrease in other receivables, deposits and prepayments		(1,147)	14
Increase in inventories		(206)	(210)
Increase in trade and other payables		1,201	1,315
Increase in deferred revenue		1,765	1,339
Cash (used in)/generated from operations		(2,004)	5,059
Interest received		2,564	115
Interest paid		(3,126)	(217)
Income tax paid		(1,664)	(1,290)
Net cash flows (used in)/generated from operating activities		(4,230)	3,667
Cash flows from investing activities:			
Purchase of property, plant and equipment		(1,968)	(1,544)
Purchase of intangible assets	14	(825)	(305)
Proceeds from disposal of investment property		754	–
Transfer (to)/from fixed deposits, net		(8)	3,222
Placement of short term investments		(246)	(646)
Acquisition of associate	11	–	(8,124)
Dividends from associate		–	917
Acquisition of convertible bond, net of transaction cost		(57,303)	–
Acquisition of subsidiaries	32	–	(3,158)
Net cash flows used in investing activities		(59,596)	(9,638)

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2015

	Note	2015 $'000	2014 $'000
Cash flows from financing activities:			
Transfer from/(to) pledged fixed deposits		28	(14)
Proceeds from interest-bearing borrowings		–	6,900
Repayment of interest-bearing borrowings		(1,009)	(247)
Loan to external party, net of transaction cost		(57,683)	–
Proceeds from issuance of notes, net of transaction cost		116,797	–
Purchase of treasury shares	29(b)	(6,003)	(3,795)
Proceeds from issuance of shares		–	33,548
Share issuance expense		–	(439)
Dividends paid	40	(5,186)	(5,338)
Net cash generated from financing activities		46,944	30,615
Net (decrease)/increase in cash and cash equivalents		(16,882)	24,644
Cash and cash equivalents at beginning of the year		32,643	7,986
Effects of exchange rate changes on the balance of cash and cash equivalents		(23)	13
Cash and cash equivalents at end of the year	20	15,738	32,643

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2015

1. CORPORATE INFORMATION

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

The Company's registered office and principal place of business is located at 1 Yishun Industrial Street 1, #06-01/09, A'Posh Bizhub, Singapore 768160.

The principal activities of the Company are investment holding and the provision of cord blood banking services, which involves the processing and storage of stem cells. The principal activities of the subsidiaries are disclosed in Note 32 to the financial statements.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

2.1 Basis of preparation

The consolidated financial statements of the Group and the statement of financial position and statement of changes of equity of the Company have been prepared in accordance with Singapore Financial Reporting Standards ("FRS"). The financial statements have been prepared on a historical cost basis except as disclosed in the accounting policies below.

The financial statements are presented in Singapore Dollars (SGD or $), and all values are rounded to the nearest thousand ($'000) except otherwise indicated.

2.2 Changes in accounting policies

The accounting policies adopted are consistent with those of the previous financial year except in the current financial year, the Group has adopted all the new and revised standards which are effective for annual financial periods beginning on or after 1 July 2014. The adoption of these standards did not have any effect on the financial performance or position of the Group and the Company.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2015

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.3 Standards issued but not yet effective

The Group has not adopted the following standards and interpretations that have been issued but not yet effective:

Description	**Effective for annual periods beginning on or after**
Amendments to FRS 16 and FRS 41 *Agriculture – Bearer Plants*	1 January 2016
Amendments to FRS 27 *Equity Method in Separate Financial Statements*	1 January 2016
Amendments to FRS 16 and FRS 38 *Clarification of Acceptable Methods of Depreciation and Amortisation*	1 January 2016
Amendments to FRS 111 *Accounting for Acquisitions of Interests in Joint Operations*	1 January 2016
Improvements to FRSs (November 2014)	
(a) Amendments to FRS 105 *Non-current Assets Held for Sale and Discontinued Operations*	1 January 2016
(b) Amendments to FRS 107 *Financial Instruments: Disclosures*	1 January 2016
(c) Amendments to FRS 19 *Employee Benefits*	1 January 2016
(d) Amendments to FRS 34 *Interim Financial Reporting*	1 January 2016
Amendments to FRS 110 and FRS 28 *Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*	1 January 2016
Amendments to FRS 1 *Disclosure Initiative*	1 January 2016
Amendments to FRS 110, FRS 112 and FRS 28 *Investment Entities: Applying the Consolidation Exception*	1 January 2016
FRS 115 *Revenue from Contracts with Customers*	1 January 2017
FRS 109 *Financial Instruments*	1 January 2018

Except for FRS 115 and FRS 109, the directors expect that the adoption of the other standards and interpretations above will have no material impact on the financial statements in the period of initial application. The nature of the impending changes in accounting policy on adoption of FRS 115 and FRS 109 are described below.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2015

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.3 Standards issued but not yet effective (Continued)

FRS 115 Revenue from Contracts with Customers

FRS 115 was issued in November 2014 and establishes a new five-step model that will apply to revenue arising from contracts with customers. Under FRS 115, revenue is recognised at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer. The principles in FRS 115 provide a more structured approach to measuring and recognising revenue. The new revenue standard is applicable to all entities and will supersede all current revenue recognition requirements under FRS. Either a full or modified retrospective application is required for annual periods beginning on or after 1 January 2017 with early adoption permitted. The Group is currently assessing the impact of FRS 115 and plans to adopt the new standard on the required effective date.

FRS 109 Financial Instruments

In December 2014, the Accounting Standards Council ("ASC") issued the final version of FRS 109 Financial Instruments which reflects all phases of the financial instruments project and replaces FRS 39 Financial Instruments: Recognition and Measurement. The standard introduces new requirements for classification and measurement, impairment, and hedge accounting. FRS 109 is effective for annual periods beginning on or after 1 January 2018, with early application permitted. Retrospective application is required, but comparative information is not compulsory in the year of adoption. The adoption of FRS 109 will have an effect on the classification and measurement of the Group's financial assets, but no impact on the classification and measurement of the Group's financial liabilities.

2.4 Basis of consolidation and business combinations

(a) Transfer of entities under common control

The pooling of interest method involves the following:

– The assets and liabilities of the combining entities are reflected at their carrying amounts.

– No adjustments are made to reflect the fair values, or recognise any new assets or liabilities.

– No goodwill is recognised as a result of the combination.

– Any difference between the consideration paid/transferred and the equity 'acquired' is reflected within the equity as merger reserve.

– The consolidated statement of comprehensive income reflects the results of the combining entities for the full year, irrespective of when the combination took place.

– Comparatives are presented as if the entities had always been combined since the date the entities had come under common control.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2015

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.4 Basis of consolidation and business combinations (Continued)

(b) Basis of consolidation

Basis of consolidation from 1 July 2010

The consolidated financial statements comprise the financial statements of the Company and its subsidiaries as at the end of the reporting period. The financial statements of the subsidiaries used in the preparation of the consolidated financial statements are prepared for the same reporting date as the Company. Consistent accounting policies are applied to like transactions and events in similar circumstances.

All intra-group balances, income and expenses and unrealised gains and losses resulting from intra-group transactions and dividends are eliminated in full.

Subsidiaries are consolidated from the date of acquisition, being the date on which the Group obtains control, and continue to be consolidated until the date that such control ceases.

Losses within a subsidiary are attributed to the non-controlling interest even if that results in a deficit balance.

A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction. If the Group loses control over a subsidiary, it

– De-recognises the assets (including goodwill) and liabilities of the subsidiary at their carrying amounts at the date when control is lost;

– De-recognises the carrying amount of any non-controlling interest;

– De-recognises the cumulative translation differences recorded in equity;

– Recognises the fair value of the consideration received;

– Recognises the fair value of any investment retained;

– Recognises any surplus or deficit in profit or loss;

– Re-classifies the Group's share of components previously recognised in other comprehensive income to profit or loss or retained earnings, as appropriate.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2015

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.4 Basis of consolidation and business combinations (Continued)

(b) *Basis of consolidation* (Continued)

Basis of consolidation prior to 1 July 2010

Certain of the above-mentioned requirements were applied on a prospective basis. The following differences, however, are carried forward in certain instances from the previous basis of consolidation:

– Acquisition of non-controlling interests, prior to 1 July 2010, were accounted for using the parent entity extension method, whereby, the difference between the consideration and the book value of the share of the net assets acquired were recognised in goodwill.

– Losses incurred by the Group were attributed to the non-controlling interest until the balance was reduced to nil. Any further losses were attributed to the Group, unless the non-controlling interest had a binding obligation to cover these. Losses prior to 1 July 2010 were not reallocated between non-controlling interests and the owners of the Company.

(c) *Business combinations from 1 July 2010*

Acquisitions of subsidiaries, other than those under common control, are accounted for by applying the acquisition method. Identifiable assets acquired and liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. Acquisition related costs are recognised as expenses in the periods in which the costs are incurred and the services are received.

When the Group acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date. This includes the separation of embedded derivatives in host contracts by the acquiree.

Any contingent consideration to be transferred by the acquirer will be recognised at fair value at the acquisition date. Subsequent changes to the fair value of the contingent consideration which is deemed to be an asset or liability, will be recognised in accordance with FRS 39 either in profit or loss or as a change to other comprehensive income. If the contingent consideration is classified as equity, it is not remeasured until it is finally settled within equity.

In business combinations achieved in stages, previously held equity interests in the acquiree are remeasured to fair value at the acquisition date and any corresponding gain or loss is recognised in profit or loss.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2015

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.4 Basis of consolidation and business combinations (Continued)

(c) ***Business combinations from 1 July 2010*** (Continued)

The Group elects for each individual business combination, whether non-controlling interest in the acquiree (if any), that are present ownership interests and entitle their holders to a proportionate share of net assets in the event of liquidation, is recognised on the acquisition date at fair value, or at the non-controlling interest's proportionate share of the acquiree's identifiable net assets. Other components of non-controlling interests are measured at their acquisition date fair value, unless another measurement basis is required by another FRS.

Any excess of the sum of the fair value of the consideration transferred in the business combination, the amount of non-controlling interest in the acquiree (if any), and the fair value of the Group's previously held equity interest in the acquiree (if any), over the net fair value of the acquiree's identifiable assets and liabilities is recorded as goodwill. In instances where the latter amount exceeds the former, the excess is recognised as gain on bargain purchase in profit or loss on the acquisition date.

(d) ***Business combinations prior to 1 July 2010***

In comparison to the above mentioned requirements, the following differences applied:

Business combinations are accounted for by applying the purchase method. Transaction costs directly attributable to the acquisition formed part of the acquisition costs. The non-controlling interest (formerly known as minority interest) was measured at the proportionate share of the acquiree's identifiable net assets.

Business combinations achieved in stages were accounted for as separate steps. Adjustments to those fair values relating to previously held interests are treated as a revaluation and recognised in equity. Any additional acquired share of interest did not affect previously recognised goodwill.

When the Group acquired a business, embedded derivatives separated from the host contract by the acquiree are not reassessed on acquisition unless the business combination results in a change in the terms of the contract that significantly modifies the cash flows that would otherwise be required under the contract.

Contingent consideration was recognised if, and only if, the Group had a present obligation, the economic outflow was more likely than not and a reliable estimate was determinable. Subsequent adjustments to the contingent consideration were recognised as part of goodwill.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2015

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.5 Transactions with non-controlling interests

Non-controlling interest represents the equity in subsidiaries not attributable, directly or indirectly, to owners of the Company, and is presented separately in the consolidated statement of comprehensive income and within equity in the statements of financial position, separately from equity attributable to owners of the Company.

Changes in the Company's ownership interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions. In such circumstances, the carrying amounts of the controlling and non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiary. Any difference between the amount by which the non-controlling interest is adjusted and the fair value of the consideration paid or received is recognised directly in equity and attributable to owners of the Company.

2.6 Foreign currency

The Group's consolidated financial statements are presented in Singapore Dollars, which is also the Company's functional currency. Each entity in the Group determines its own functional currency and items included in the financial statements of each entity are measured using that functional currency.

(a) Transactions and balances

Transactions in foreign currencies are measured in the respective functional currencies of the Company and its subsidiaries and are recorded on initial recognition in the functional currencies at exchange rates approximating those ruling at the transaction dates. Monetary assets and liabilities denominated in foreign currencies are translated at the rate of exchange ruling at the end of the reporting period. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was measured.

Exchange differences arising on the settlement of monetary items or on translating monetary items at the end of the reporting period are recognised in profit or loss except for exchange differences arising on monetary items that form part of the Group's net investment in foreign operations, which are recognised initially in other comprehensive income and accumulated under foreign currency translation reserve in equity. The foreign currency translation reserve is reclassified from equity to profit or loss of the Group on disposal of the foreign operation.

(b) Consolidated financial statements

For consolidation purpose, the assets and liabilities of foreign operations are translated into SGD at the rate of exchange ruling at the end of the reporting period and their statement of comprehensive income are translated at the exchange rates prevailing at the date of the transactions. The exchange differences arising on the translation are recognised in other comprehensive income. On disposal of a foreign operation, the component of other comprehensive income relating to that particular foreign operation is recognised in profit or loss.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2015

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.7 Property, plant and equipment

All items of property, plant and equipment are initially recorded at cost. Subsequent to recognition, property, plant and equipment are measured at cost less accumulated depreciation and any accumulated impairment losses. Such cost includes the cost of replacing part of the property, plant and equipment and borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying property, plant and equipment. The accounting policy for borrowing costs is set out in Note 2.18. The cost of an item of property, plant and equipment is recognised as an asset if, and only if, it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably.

When significant parts of property, plant and equipment are required to be replaced in intervals, the Group recognises such parts as individual assets with specific useful lives and depreciation, respectively. Likewise, when a major inspection is performed, its cost is recognised in the carrying amount of the property, plant and equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognised in profit or loss as incurred.

Depreciation of an asset begins when it is available for use and is computed on a straight-line basis over the estimated useful lives of the assets as follows:

Furniture and fittings	–	3 to 5 years
Laboratory equipment	–	5 to 7 years
Office equipment	–	3 years
Motor vehicle	–	3 years
Leasehold improvement	–	5 to 7 years
Leasehold building	–	60 years

Assets under construction included in property, plant and equipment are not depreciated as these assets are not yet available for use.

The carrying values of property, plant and equipment are reviewed for impairment when events or changes in circumstances indicate that the carrying value may not be recoverable.

The residual value, useful life and depreciation method are reviewed at each financial year-end and adjusted prospectively, if appropriate.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset is included in profit or loss in the year the asset is derecognised.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2015

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.8 Investment properties

Investment properties are properties that are owned by the Group in order to earn rentals or for capital appreciation, or both, rather than for use in the production or supply of goods or services, or for administrative purposes, or in the ordinary course of business. Investment properties comprise completed investment properties and properties that are being constructed or developed for future use as investment properties. Properties held under operating leases are classified as investment properties when the definition of investment properties is met and they are accounted for as finance leases.

Investment properties are initially measured at cost, including transaction costs. The carrying amount includes the cost of replacing part of an existing investment property at the time that cost is incurred if the recognition criteria are met.

Subsequent to initial recognition, investment properties are measured at fair value which reflects market conditions at the end of the reporting period. Gains or losses arising from changes in the fair values of investment properties are included in profit or loss in the year in which they arise.

Investment properties are derecognised when either they have been disposed of or when the investment property is permanently withdrawn from use and no future economic benefit is expected from its disposal. Any gain or loss on the retirement or disposal of an investment property is recognised in profit or loss in the year of retirement or disposal.

Transfers are made to or from investment property only when there is a change in use. For a transfer from investment property to owner-occupied property, the deemed cost for subsequent accounting is the fair value at the date of change in use. For a transfer from owner-occupied property to investment property, the property is accounted for in accordance with the accounting policy for property, plant and equipment set out in Note 2.7 up to the date of change in use.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2015

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.9 Intangible assets

Intangible assets acquired separately are measured initially at cost. The cost of intangible assets acquired in a business combination is their fair value as at the date of acquisition. Following initial acquisition, intangible assets are measured at cost less accumulated amortisation and any accumulated impairment losses.

The useful lives of intangible assets are assessed as either finite or indefinite.

Intangible assets with finite useful lives are amortised over the estimated useful lives and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method are reviewed at least at each financial year-end. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset is accounted for by changing the amortisation period or method, as appropriate, and are treated as changes in accounting estimates.

Intangible assets with indefinite useful lives or not yet available for use are tested for impairment annually, or more frequently if the events and circumstances indicate that the carrying value may be impaired either individually or at the cash-generating unit level. Such intangible assets are not amortised. The useful life of an intangible asset with an indefinite useful life is reviewed annually to determine whether the useful life assessment continues to be supportable. If not, the change in useful life from indefinite to finite is made on a prospective basis.

Gains or losses arising from derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in profit or loss when the asset is derecognised.

(i) Customer contracts

The customer contracts were acquired in business combinations and are amortised on a straight line basis over its finite useful life of 18 years.

(ii) Club membership

Club membership, which has an indefinite useful life, is stated at cost less impairment loss, if any.

(iii) Computer software

Computer software was acquired separately and is amortised on a straight line basis over its finite useful life of 3 years.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2015

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.10 Impairment of non-financial assets

The Group assesses at each reporting date whether there is an indication that an asset may be impaired. If any such indication exists or when an annual impairment assessment for an asset is required, the Group makes an estimate of the asset's recoverable amount.

An asset's recoverable amount is the higher of an asset's or cash-generating unit's fair value less costs of disposal and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. Where the carrying amount of an asset or cash-generating unit exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. In assessing value in use, the estimated future cash flows expected to be generated by the asset 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. In determining fair value less costs of disposal, recent market transactions are taken into account, if available. If no such transactions can be identified, an appropriate valuation model is used. These calculations are corroborated by valuation multiples or other available fair value indicators. Impairment losses are recognised in profit or loss in those expense categories consistent with the function of the impaired asset.

An assessment is made at each reporting date as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. If such indication exists, the Group estimates the asset's or cash-generating unit's recoverable amount. A previously recognised impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. If that is the case the carrying amount of the asset is increased to its recoverable amount. That increased amount cannot exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised previously. Such reversal is recognised in profit or loss.

2.11 Subsidiaries

A subsidiary is an investee that is controlled by the Group. The Group controls an investee when it is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee.

In the Company's separate financial statements, investment in subsidiaries are accounted for at cost less impairment losses.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2015

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.12 Associate

An associate is an entity over which the Group has the power to participate in the financial and operating policy decisions of the investee but does not have control or joint control of those policies.

The Group's investment in associate is accounted for using the equity method. Under the equity method, the investment in associate is carried in the statement of financial position at cost plus post-acquisition changes in the Group's share of net assets of the associate. Goodwill relating to associate is included in the carrying amount of the investment and is neither amortised nor tested individually for impairment. Any excess of the Group's share of the net fair value of the associate's identifiable asset, liabilities and contingent liabilities over the cost of the investment is included as income in the determination of the Group's share of results of the associate in the period in which the investment is acquired.

The profit or loss reflects the share of the results of operations of the associate. Where there has been a change recognised in other comprehensive income by the associate, the Group recognises its share of such changes in other comprehensive income. Unrealised gains and losses resulting from transactions between the Group and the associate are eliminated to the extent of the interest in the associate.

The Group's share of the profit or loss of its associate is the profit attributable to equity holders of the associate and, therefore is the profit or loss after tax and non-controlling interests in the subsidiaries of the associate.

When the Group's share of losses in an associate equals or exceeds its interest in the associate, the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the associate.

After application of the equity method, the Group determines whether it is necessary to recognise an additional impairment loss on the Group's investment in its associate. The Group determines at the end of each reporting period whether there is any objective evidence that the investment in the associate is impaired. If this is the case, the Group calculates the amount of impairment as the difference between the recoverable amount of the associate and its carrying value and recognises the amount in profit or loss.

The financial statements of the associate are prepared as of the same reporting date as the Company. Where necessary, adjustments are made to bring the accounting policies in line with those of the Group.

Upon loss of significant influence over the associate, the Group measures and recognises any retained investment at its fair value. Any difference between the carrying amount of the associate upon loss of significant influence and the fair value of the aggregate of the retained investment and proceeds from disposal is recognised in profit or loss.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2015

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.13 Financial instruments

(a) Financial assets

Initial recognition and measurement

Financial assets are recognised when, and only when, the Group becomes a party to the contractual provisions of the financial instrument. The Group determines the classification of its financial assets at initial recognition.

When financial assets are recognised initially, they are measured at fair value, plus, in the case of financial assets not at fair value through profit or loss, directly attributable transaction costs.

Subsequent measurement

The subsequent measurement of financial assets depends on their classification as follows:

(i) Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss include financial assets held for trading and financial asset designated at fair value through profit or loss.

Financial assets held for trading

Financial assets are classified as held for trading if they are acquired for the purpose of selling or repurchasing in the near term.

Financial asset designated at fair value through profit or loss

Financial asset designated at fair value through profit or loss includes investment in quoted equity investment. The Group designates financial assets at fair value through profit or loss when doing so results in more relevant information, because the financial assets are managed and its performance is evaluated on a fair value basis, in accordance with a documented risk management or investment strategy, and information about the financial assets is provided internally on that basis to the Group's key management personnel, for example the Group's board of directors and Chief Executive Officer.

Subsequent to initial recognition, financial asset designated at fair value through profit or loss is measured at fair value. Any gains or losses arising from changes in fair value of the financial assets are recognised in profit or loss. Net gains or net losses on financial asset designated at fair value through profit or loss include exchange differences, interest and dividend income.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2015

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.13 Financial instruments (Continued)

(a) Financial assets (Continued)

Subsequent measurement (Continued)

(ii) Loans and receivables

Non-derivative financial assets with fixed or determinable payments that are not quoted in an active market are classified as loans and receivables. Subsequent to initial recognition, loans and receivables are measured at amortised cost using the effective interest method, less impairment. Gains and losses are recognised in profit or loss when the loans and receivables are derecognised or impaired, and through the amortisation process.

Derecognition

A financial asset is derecognised where the contractual right to receive cash flows from the asset has expired. On derecognition of a financial asset in its entirety, the difference between the carrying amount and the sum of the consideration received and any cumulative gain or loss that had been recognised in other comprehensive income is recognised in profit or loss.

Regular way purchase or sale of a financial asset

All regular way purchases and sales of financial assets are recognised or derecognised on the trade date i.e., the date that the Group commits to purchase or sell the asset. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the period generally established by regulation or convention in the marketplace concerned.

(b) Financial liabilities

Initial recognition and measurement

Financial liabilities are recognised when, and only when, the Group becomes a party to the contractual provisions of the financial instrument. The Group determines the classification of its financial liabilities at initial recognition.

All financial liabilities are recognised initially at fair value plus in the case of financial liabilities not at fair value through profit or loss, directly attributable transaction costs.

Subsequent measurement

After initial recognition, financial liabilities other than derivatives, are measured at amortised cost using the effective interest method. Gains and losses are recognised in profit or loss when the liabilities are derecognised, and through the amortisation process.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2015

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.13 Financial instruments (Continued)

(b) *Financial liabilities* (Continued)

Derecognition

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognised in profit or loss.

(c) Offsetting of financial assets and financial liabilities

Financial assets and financial liabilities are offset and the net amount is presented in the statements of financial position, when and only when, there is a currently enforceable legal right to set off the recognised amounts and there is an intention to settle on a net basis, or to realise the assets and settle the liabilities simultaneously.

2.14 Impairment of financial assets

The Group assesses at each reporting date whether there is any objective evidence that a financial asset is impaired.

Financial assets carried at amortised cost

For financial assets carried at amortised cost, the Group first assesses whether objective evidence of impairment exists individually for financial assets that are individually significant, or collectively for financial assets that are not individually significant. If the Group determines that no objective evidence of impairment exists for an individually assessed financial asset, whether significant or not, it includes the asset in a group of financial assets with similar credit risk characteristics and collectively assesses them for impairment. Assets that are individually assessed for impairment and for which an impairment loss is, or continues to be recognised are not included in a collective assessment of impairment.

If there is objective evidence that an impairment loss on financial assets carried at amortised cost has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the financial asset's original effective interest rate. If a loan has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate. The carrying amount of the asset is reduced through the use of an allowance account. The impairment loss is recognised in profit or loss.

When the asset becomes uncollectible, the carrying amount of impaired financial assets is reduced directly or if an amount was charged to the allowance account, the amounts charged to the allowance account are written off against the carrying value of the financial asset.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2015

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.14 Impairment of financial assets (Continued)

To determine whether there is objective evidence that an impairment loss on financial assets has been incurred, the Group considers factors such as the probability of insolvency or significant financial difficulties of the debtor and default or significant delay in payments.

If in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed to the extent that the carrying amount of the asset does not exceed its amortised cost at the reversal date. The amount of reversal is recognised in profit or loss.

Financial assets carried at cost

If there is objective evidence (such as significant adverse changes in the business environment where the issuer operates, probability of insolvency or significant financial difficulties of the issuer) that an impairment loss on financial assets carried at cost has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the current market rate of return for a similar financial asset. Such impairment losses are not reversed in subsequent periods.

2.15 Cash and cash equivalents

Cash and cash equivalents comprise cash at bank and on hand and short term deposits that are held for the purpose of meeting short term commitments and not for investment purposes and are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

2.16 Inventories

Inventories are stated at the lower of cost and net realisable value, determined on a weighted average cost basis; and mainly consist of materials used in the provision of cord blood and cord lining banking services.

Where necessary, allowance is provided for damaged, obsolete and slow moving items to adjust the carrying value of inventories to the lower of cost or net realisable value.

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.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2015

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.17 Provisions

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and the amount of the obligation can be estimated reliably.

Provisions are reviewed at each reporting date and adjusted to reflect the current best estimate. If it is no longer probable that an outflow of economic resources will be required to settle the obligation, the provision is reversed. If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, where appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

2.18 Borrowing costs

Borrowing costs are capitalised as part of the cost of a qualifying asset if they are directly attributable to the acquisition, construction or production of that asset. Capitalisation of borrowing costs commences when the activities to prepare the asset for its intended use or sale are in progress and the expenditures and borrowing costs are incurred. Borrowing costs are capitalised until the assets are substantially completed for their intended use or sale. All other borrowing costs are expensed in the period they occur. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

2.19 Government grants

Government grants are recognised when there is reasonable assurance that the grant will be received and all attaching conditions will be complied with. Where the grant relates, to an asset, the fair value is recognised as deferred capital grant on the statements of financial position and is amortised to profit or loss over the expected useful life of the relevant asset by equal annual instalments.

Where loans or similar assistance are provided by governments or related institutions with an interest rate below the current applicable market rate, the effect of this favourable interest is regarded as additional government grant.

2.20 Employee benefits

(a) Defined contribution plan

The Group participates in the national pension schemes as defined by the laws of the countries in which it has operations. The Singapore companies in the Group make contributions to the Central Provident Fund scheme in Singapore, a defined contribution pension scheme. The Hong Kong company makes contributions to a defined contribution fund under the Mandatory Provident Fund Schemes Ordinance, of which the assets are held separately in an independently administered fund. These contributions are recognised as an expense in the period in which the related service is performed.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2015

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.20 Employee benefits (Continued)

(b) 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.

(c) 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 cost of these equity-settled share-based transactions with employees is measured by reference to the fair value of the awards at the date on which the awards are granted which takes into account market conditions and non-vesting conditions. This cost is recognised in profit or loss, with a corresponding increase in the share-based compensation reserve, over the vesting period. The cumulative expense recognised at each reporting date until the vesting date reflects the extent to which the vesting period has expired and the Group's best estimate of the number of awards that will ultimately vest. The charge or credit to profit or loss for a period represents the movement in cumulative expense recognised as at the beginning and end of that period and is recognised in employee benefits expense.

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.

2.21 Leases

The determination of whether an arrangement is, or contains a lease is based on the substance of the arrangement at inception date: whether fulfilment of the arrangement is dependent on the use of a specific asset or assets or the arrangement conveys a right to use the asset, even if that right is not explicitly specified in an arrangement.

As lessee

Finance leases, which transfer to the Group substantially all the risks and benefits incidental to ownership of the leased item, are capitalised at the inception of the lease at the fair value of the leased asset or, if lower, at the present value of the minimum lease payments. Any initial direct costs are also added to the amount capitalised. Lease payments are apportioned between the finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are charged to profit or loss. Contingent rents, if any, are charged as expenses in the periods in which they are incurred.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2015

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.21 Leases (Continued)

As lessee (Continued)

Capitalised leased assets are depreciated over the shorter of the estimated useful life of the asset and the lease term if there is no reasonable certainty that the Group will obtain ownership by the end of the lease term.

Operating lease payments are recognised as an expense in profit or loss on a straight-line basis over the lease term. The aggregate benefit of incentives provided by the lessor is recognised as a reduction of rental expense over the lease term on a straight-line basis.

As lessor

Leases where the Group retains substantially all the risks and rewards of ownership of the asset are classified as operating leases. Initial direct costs incurred in negotiating an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same bases as rental income. The accounting policy for rental income is set out in Note 2.22. Contingent rents are recognised as revenue in the period in which they are earned.

2.22 Revenue recognition

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured, regardless of when the payment is made. Revenue is measured at the fair value of consideration received or receivable, taking into account contractually defined terms of payment and excluding discounts, rebates and sales taxes or duty. The Group assesses its revenue arrangements to determine if it is acting as principal or agent. The following specific recognition criteria must also be met before revenue is recognised:

Rendering of services

Revenue from cord blood banking contracts and cord lining banking services is recognised by reference to the stage of completion of the service. Stage of completion is measured by reference to the percentage of costs incurred to estimated total costs to complete the contracts.

Revenue received in advance for services to be rendered under cord blood and cord lining banking contracts is accounted for as deferred revenue on the statements of financial position.

Sale of goods

Revenue from sale of goods is recognised upon the transfer of significant risk and rewards of ownership of the goods to the customer, usually on delivery of goods. Revenue is not recognised to the extent where there are significant uncertainties regarding recovery of the consideration due, associated costs or the possible return of goods.

Interest income

Interest income is recognised using the effective interest method.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2015

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.22 Revenue recognition (Continued)

Rental income

Rental income arising from operating leases on investment properties is accounted for on a straight-line basis over the lease terms. The aggregate costs of incentives provided to lessees are recognised as a reduction of rental income over the lease term on a straight-line basis.

Fee for providing training and technical know-how transfer

Fee for providing training and technical know-how transfer is recognised in profit or loss when the services are rendered.

Royalty income

Royalty income is recognised in profit or loss in accordance with the terms of royalty fee agreements.

2.23 Taxes

Current income tax

Current income tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted by the reporting date, in the countries where the Group operates and generates taxable income.

Current income taxes are recognised in profit or loss except to the extent that the tax relates to items recognised outside profit or loss, either in other comprehensive income or directly in equity. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

Deferred tax

Deferred tax is provided using the liability method on temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax liabilities are recognised for all temporary differences, except:

– where the deferred tax liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and

– in respect of taxable temporary differences associated with investments in subsidiaries and associate, where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2015

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.23 Taxes (Continued)

Deferred tax (Continued)

Deferred tax assets are recognised for all deductible temporary differences, carry forward of unused tax credits and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilised except:

– where the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and

– in respect of deductible temporary differences associated with investments in subsidiaries and associate, deferred tax assets are recognised only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are reassessed at each reporting date and are recognised to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realised or the liability is settled, based on tax rates and tax laws that have been enacted or substantively enacted at the reporting date.

Deferred tax assets and deferred tax liabilities are offset, if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

2.24 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.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2015

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.24 Other taxes (Continued)

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.

2.25 Segment reporting

For management purposes, the Group is organised into operating segments based on their products and services which are independently managed by the respective segment managers responsible for the performance of the respective segments under their charge. The segment managers report directly to the management of the Company who regularly review the segment results in order to allocate resources to the segments and to assess the segment performance. Additional disclosures on each of these segments are shown in Note 39, including the factors used to identify the reportable segments and the measurement basis of segment information.

2.26 Share capital and share issuance expenses

Proceeds from issuance of ordinary shares are recognised as share capital in equity. Incremental costs directly attributable to the issuance of ordinary shares are deducted against share capital.

2.27 Treasury shares

The Group's own equity instruments, which are reacquired (treasury shares) are recognised at cost and deducted from equity. No gain or loss is recognised in profit or loss on the purchase, sale, issue or cancellation of the Group's own equity instruments. Any difference between the carrying amount of treasury shares and the consideration received, if reissued, is recognised directly in equity. Voting rights related to treasury shares are nullified for the Group and no dividends are allocated to them respectively.

2.28 Contingencies

A contingent liability is:

(a) a possible obligation that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Group; or

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2015

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.28 Contingencies (Continued)

(b) a present obligation that arises from past events but is not recognised because:

(i) It is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation; or

(ii) The amount of the obligation cannot be measured with sufficient reliability.

A contingent asset is a possible asset that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Group.

Contingent liabilities and assets are not recognised on the statements of financial position of the Group, except for contingent liabilities assumed in a business combination that are present obligations and which the fair values can be reliably determined.

2.29 Related parties

A related party is defined as follows:

(a) A person or a close member of that person's family is related to the Group and the Company if that person:

(i) Has control or joint control over the Company;

(ii) Has significant influence over the Company; or

(iii) Is a member of the key management personnel of the Group or Company or of a parent of the Company.

(b) An entity is related to the Group and the Company if any of the following conditions applies:

(i) The entity and the Company are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others);

(ii) One entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member);

(iii) Both entities are joint ventures of the same third party;

(iv) One entity is a joint venture of a third entity and the other entity is an associate of the third entity;

(v) The entity is a post-employment benefit plan for the benefit of employees of either the Company or an entity related to the Company. If the Company is itself such a plan, the sponsoring employers are also related to the Company;

(vi) The entity is controlled or jointly controlled by a person identified in (a);

(vii) A person identified in (a) (i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity).

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2015

3. SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS

The preparation of the Group's consolidated financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities at the end of each reporting period. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of the asset or liability affected in the future periods.

3.1 Judgements made in applying accounting policies

In the process of applying the Group's accounting policies, management is of the opinion that there is no instance of application of judgement which is expected to have a significant impact on the amounts recognised in the consolidated financial statements, apart from those involving estimations described below.

3.2 Key sources of estimation uncertainty

The key assumptions concerning the future and other key sources of estimation uncertainty at the end of the reporting period are discussed below. The Group based its assumptions and estimates on parameters available when the financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising beyond the control of the Group. Such changes are reflected in the assumptions when they occur.

Revenue recognition

The Group recognises revenue from cord blood banking service contracts and cord lining banking services based on the stage of completion method. The stage of completion is measured in accordance with the accounting policy stated in Note 2.22. Significant assumptions and estimates are required in determining the total estimated costs. In making the assumptions, the Group evaluates them by relying on past experience and evidence. Any significant change in the estimated costs over the remaining period would have a significant impact on the revenue recognised. An increase/decrease in estimated storage costs over the remaining contract period would reduce/increase the stage of completion to date, and hence would reduce/increase the revenue recognised in the current period.

If the total estimated storage costs had been 5% higher than management's current estimate, the total revenue recognised arising from these contracts would have been $1,729,000 (2014: $1,414,000) lower.

Allowance for impairment loss on trade receivables

Where receivables are outstanding beyond the normal trading terms, the likelihood of the recovery of these receivables is assessed by management. Due to the large number of debtors, this assessment is based on supportable past collection history and historical write-offs of bad debts. In addition, there are credit control departments in place within the Group to perform recovery procedures and bad debt assessment on a regular and structured basis. When there is objective evidence that an impairment loss on the receivables has been incurred, appropriate allowances for impairment loss or write-off of trade receivables will be made. Details of the impairment loss allowance are outlined in Note 17.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2015

3. SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS (CONTINUED)

3.2 Key sources of estimation uncertainty (Continued)

Fair value measurement of investment properties

The Group carries its investment properties at fair value, with changes in fair values being recognised in profit or loss. The Group engaged independent valuation specialists to determine the fair value of the investment properties as at 30 June 2015.

The key assumptions used to determine the fair value of the investment properties are further explained in Note 13.

Fair value measurement of derivative asset

The Group carries its derivative asset at fair value, with changes in fair values being recognised in profit or loss. The Group uses the Black-Scholes option pricing model to determine the fair value of the asset as at 30 June 2015.

The key assumptions used to determine the fair value of the derivative asset are further explained in Note 16.

Impairment of non-financial assets

An impairment exists when the carrying value of an asset or cash-generating unit exceeds its recoverable amount, which is the higher of its fair value less costs to sell and its value in use. The fair value less costs to sell calculation is based on available data from binding sales transactions in an arm's length transaction of similar assets or observable market prices less incremental costs for disposing the asset. The value in use calculation is based on discounted cash flow model. The cash flows are derived from the budget for the next five years and do not include restructuring activities that the Group is not yet committed to or significant future investments that will enhance the asset's performance of the cash generating unit being tested. The recoverable amount is most sensitive to the discount rate used for the discounted cash flow model as well as the expected future cash inflows and the growth rate used for the extrapolation purposes.

Income taxes

Significant judgement is involved in determining the Group-wide provision for income taxes. There are certain transactions and computations for which the ultimate tax determination is uncertain during the ordinary course of business. The Group recognises liabilities for expected tax issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recognised, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made.

The carrying amount of the Group's tax payable and deferred tax liabilities at 30 June 2015 was $1,103,000 (2014: $1,558,000) and $91,000 (2014: $188,000) respectively.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2015

4. REVENUE

	Group	
	2015 $'000	2014 $'000
Rendering of services	51,388	43,578
Interest income on long-term trade receivables	6,151	5,380
Sale of goods	44	129
	57,583	49,087

5. OTHER OPERATING INCOME

	Group	
	2015 $'000	2014 $'000
Rental income	170	109
Royalty income		
– Third party	118	–
– Associate	101	–
Fees for providing training and technical know-how transfer to associate	106	682
Gain on disposal of investment property	54	–
Grant income	37	253
Others	187	229
	773	1,273

6. FINANCE INCOME

	Group	
	2015 $'000	2014 $'000
Interest income from fixed deposits	409	288
Interest income from bond receivable (Note 18)	3,662	–
Interest income from loan to external party (Note 18)	2,972	–
	6,634	–

7. FINANCE COSTS

	Group	
	2015 $'000	2014 $'000
Interest expense	185	217
Interest expense on notes payable (Note 27)	4,597	–

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2015

8. PROFIT BEFORE INCOME TAX

Profit before income tax is stated after charging/(crediting):

	Group	
	2015	**2014**
	$'000	**$'000**
Employee benefits expense (Note 33)	15,586	12,398
Audit fees paid to auditors of the Company	229	226
Non-audit fees paid to auditors of the Company	21	34
Exchange gain on derivative asset (Note 16)	(967)	–
Exchange gain on bond receivable (Note 18)	(1,331)	–
Exchange gain on loan to external party (Note 18)	(2,355)	–
Operating lease expenses	923	644
Depreciation of property, plant and equipment	1,461	1,290
Impairment loss on trade receivables, net	481	141
Bad debts written off	30	51
Amortisation of intangible assets	227	218
Gain on disposal of investment property	(54)	–
Gain on disposal of property, plant and equipment	–	(12)

9. INCOME TAX

The major components of income tax expense for the years ended 30 June 2015 and 2014 are:

	Group	
	2015	**2014**
	$'000	**$'000**
Current income tax:		
Current income taxation	1,116	1,607
Under/(over) provision in respect of previous years	124	(128)
	1,240	1,479
Deferred tax:		
Origination and reversal of temporary differences	(103)	(5)
Under provision in respect of previous years	6	–
	1,143	1,474

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2015

9. INCOME TAX (CONTINUED)

A reconciliation between tax expense and the product of accounting profit multiplied by the applicable corporate tax rate for the financial years ended 30 June 2015 and 2014 is as follows:

	Group	
	2015	**2014**
	$'000	**$'000**
Profit before income tax	33,268	31,854
Tax at the domestic rates applicable to profits in the countries where the Group operates	5,435	5,343
Adjustments:		
Deferred tax assets not recognised	924	450
Expenses not deductible for tax purposes	1,320	56
Income not subject to tax	(5,937)	(4,273)
Benefits from previously unrecognised tax losses	–	(6)
Effect of partial tax exemption	(52)	(52)
Effect of tax incentive *	(741)	(308)
Under/(over) provision in respect of previous years	130	(128)
Share of results of associate	74	400
Others	(10)	(8)
	1,143	1,474

* The Productivity and Innovation Credit was introduced in the Singapore Budget 2010 and was enhanced in Budget 2012 to provide tax benefits for investments by businesses in a broad range of activities along the innovation value chain. Under the scheme, all businesses can enjoy additional allowances at 400% on up to $400,000 of their expenditure each qualifying year on qualifying activities, subject to the agreement by the Inland Revenue Authority of Singapore.

10. EARNINGS PER SHARE

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

Diluted earnings per share amounts are calculated by dividing profit attributable to owners of the Company by the weighted average number of ordinary shares outstanding during the financial year plus the weighted average number of ordinary shares that would be issued on the vesting of all existing share awards of the Company into ordinary shares.

The following reflects the profit and share data used in the computation of basic and diluted earnings per share for the years ended 30 June:

	Group	
	2015	**2014**
	$'000	**$'000**
Profit for the financial year attributable to owners of the Company	32,460	30,521
	'000	**'000**
Weighted average number of ordinary shares for basic earnings per share computation	260,043	256,520
Weighted average number of ordinary shares for diluted earnings per share computation	260,343	256,585

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2015

11. INVESTMENT IN ASSOCIATE

	Group		Company	
	2015 $'000	2014 $'000	2015 $'000	2014 $'000
Shares, at cost	18,147	18,147	18,220	18,220
Share of post-acquisition results of associate	(238)	58	–	–
Foreign currency translation reserve	(311)	(1)	–	–
Dividends received	(917)	(917)	–	–
Unrealised share of other income from associate	(212)	(318)	–	–
Amortisation of intangible assets identified upon acquisition of associate	(280)	(150)	–	–
Impairment loss	(2,646)	–	(4,677)	–
At 30 June	13,543	16,819	13,543	18,220
Fair value of investment in associate for which there is published price quotation	9,838	13,954	9,838	13,954

Name of company	Country of incorporation	Principal activities	Proportion of ownership interest 2015 %	2014 %
StemLife Berhad [1]	Malaysia	Cord blood and cord lining banking services	31.81	31.81

1 Audited by Ernst & Young, Kuala Lumpur

Acquisition of associate

On 4 October 2013, the Group acquired a 19.92% interest in StemLife Berhad ("StemLife") at a consideration of $11.1 million, comprising $1.1 million (RM2.9 million) in cash and $10.0 million in ordinary shares issued by the Company (8 million shares at market price on date of issuance of $1.25 per share).

As part of the sale and purchase agreement ("SPA") with two shareholders (the "Vendors") of StemLife, the Vendors undertake that they shall endeavour to support the appointment of up to two nominee directors of the Group to the StemLife board. The Group succeeded in having Mr Jeremy Yee and Dr. Ho Choon Hou to the StemLife board on 9 December 2013.

The Group determined that it had significant influence over StemLife following the acquisition of 19.92% interest in StemLife and had therefore accounted for StemLife as an associate using the equity method.

On 9 December 2013, the Group acquired an additional interest in StemLife at a cash consideration of $7.0 million (RM17.7 million), increasing its total interest to 31.81%.

The Group's interest in StemLife is in line with the Group's intention to expand its business and operations overseas. Through StemLife and its associated company, Thai StemLife Co., Ltd., the Group is able to expand its geographical footprint in Asia to Malaysia and Thailand and extend the group's reach of complementary services such as cord lining banking.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2015

11. INVESTMENT IN ASSOCIATE (CONTINUED)

Impairment testing of investment in associate

The recoverable amount of the investment in associate is determined based on value in use calculations using cash flow projections from financial budgets approved by management covering a five-year period. Cash flows beyond the terminal year are extrapolated using estimated growth rates stated in the table below. Key assumptions used in the calculation of value in use are growth rates and discount rates.

Growth rates – the terminal growth rate used do not exceed the long-term average growth rates of the industry and country in which the associate operates in and is consistent with forecasts included in industry reports.

Discount rate – the discount rates applied to the cash flow projections are based on Weighted Average Cost of Capital ("WACC") where the cost of a company's debt and equity capital are weighted to reflect its capital structure.

The discount rate applied to the cash flow projections and the cash flow projections and the forecasted growth rates used to extrapolate cash flow projections beyond the five-year period are as follows:

	2015	**2014**
Growth rate	2.0%	1.5%
Pre-tax discount	11.4%	11.4%

During the financial year, an impairment loss of $2,646,000 (2014: Nil) was recognised for the Group's investment in associate.

Transfer from associate to financial asset designated at fair value through profit or loss

During the financial year ended 30 June 2013, the Group acquired a 10.02% interest in China Cord Blood Corporation ("CCBC"). CCBC is listed on the New York Stock Exchange ("NYSE") and provides cord blood collection, laboratory testing, hematopoietic stem cell processing and stem cell storage services in the Beijing municipality and the provinces of Guangdong and Zhejiang. The Group had accounted for its 10.02% interest in CCBC as an associate as the Group had determined that it had significant influence over CCBC in view of Mr Jeremy Yee's appointment to the CCBC board as a nominee director of the Group.

On 27 September 2013, Mr Jeremy Yee stepped down from the CCBC board and the Group irrevocably waived its rights to appoint a nominee director to the CCBC board. As a result, the Group determined that it no longer had significant influence over CCBC. The Group ceased accounting for CCBC using the equity method with effect from 27 September 2013. Consequently, the investment in CCBC is designated as a financial asset at fair value through profit or loss (Note 15). Consequently, a gain on transfer from associate to financial asset designated at fair value through profit or loss of $6,297,000 was included in the Group's profit or loss for the year ended 30 June 2014.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2015

11. INVESTMENT IN ASSOCIATE (CONTINUED)

Summarised financial information

The summarised financial information in respect of StemLife, based on its FRS financial statements and a reconciliation with the carrying amount of the investment in the consolidated financial statements are as follows:

	StemLife	
	2015	2014
	$'000	$'000
Summarised statement of financial position		
Current assets	27,498	28,976
Non-current assets	5,976	6,001
Current liabilities	(24,946)	(2,362)
Non-current liabilities	–	(22,292)
Net assets	8,528	10,323
Proportion of the Group's ownership	31.81%	31.81%
Group's share of net assets	2,713	3,284
Goodwill on acquisition, net of impairment loss	8,483	10,603
Intangible assets on acquisition, net of amortisation	2,559	3,250
Unrealised share of other income from associate	(212)	(318)
Carrying amount of the investment	13,543	16,819
Summarised statement of comprehensive income		
Revenue	2,192	1,324
(Loss)/profit for the year	(296)	58
Other comprehensive loss for the year	(310)	(1)
Total comprehensive (loss)/income for the year	(606)	57

Deferred tax on undistributed earnings of associate

Foreign-sourced dividends received or deemed received in Singapore by companies resident in Singapore is exempt from tax in Singapore if the conditions under Section 13(8) of the Singapore Income Tax Act are met.

The earnings of StemLife are exempted from tax in Malaysia as StemLife is granted bionexus status by the Malaysian Biotechnology Corporation Sdn. Bhd., where the business income is tax exempted for a period of ten years beginning 2007.

As a concession under Section 13(8), the IRAS "subject to tax" condition is considered met if the specified foreign income was not subject to tax in the foreign jurisdiction due to a tax incentive granted by the foreign jurisdiction for carrying out substantive activities in that jurisdiction.

As of 30 June 2015, the Group has determined that it has met the conditions under Section 13(8), and hence has not provided for deferred tax on the undistributed earnings of StemLife.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2015

12. PROPERTY, PLANT AND EQUIPMENT

	Note	Furniture and fittings $'000	Laboratory equipment $'000	Office equipment $'000	Motor vehicle $'000	Leasehold improvement $'000	Leasehold building $'000	Construction-in-progress $'000	Total $'000
Group									
Cost:									
At 1 July 2013		705	2,402	1,307	46	1,741	4,135	197	10,533
Additions		173	698	452	–	179	–	77	1,579
Disposals		–	(239)	(54)	–	–	–	–	(293)
Reclassification		–	–	116	–	–	–	(116)	–
Transfer from investment properties	13	–	–	–	–	–	610	–	610
Transfer to intangible assets	14	–	–	–	–	–	–	(69)	(69)
Exchange rate adjustments		2	(17)	(23)	(1)	(13)	–	(14)	(66)
At 30 June 2014 and 1 July 2014		880	2,844	1,798	45	1,907	4,745	75	12,294
Additions		39	764	446	–	269	–	450	1,968
Disposals		–	(1)	(178)	–	(1)	–	–	(180)
Reclassification		–	168	19	–	–	–	(187)	–
Transfer from investment properties	13	–	–	–	–	–	600	–	600
Exchange rate adjustments		15	74	24	4	99	–	2	218
At 30 June 2015		934	3,849	2,109	49	2,274	5,345	340	14,900
Accumulated depreciation:									
At 1 July 2013		151	1,285	754	46	663	28	–	2,927
Charge for the year		197	411	320	–	283	79	–	1,290
Disposals		–	(217)	(53)	–	–	–	–	(270)
Exchange rate adjustments		(19)	(30)	(4)	(1)	(8)	–	–	(62)
At 30 June 2014 and 1 July 2014		329	1,449	1,017	45	938	107	–	3,885
Charge for the year		183	448	391	–	357	82	–	1,461
Disposals		–	(1)	(178)	–	(1)	–	–	(180)
Exchange rate adjustments		12	53	26	4	75	–	–	170
At 30 June 2015		524	1,949	1,256	49	1,369	189	–	5,336
Net book value:									
At 30 June 2014		551	1,395	781	–	969	4,638	75	8,409
At 30 June 2015		410	1,900	853	–	905	5,156	340	9,564

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2015

12. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

	Note	Furniture and fittings $'000	Laboratory equipment $'000	Office equipment $'000	Leasehold improvement $'000	Leasehold building $'000	Construction-in-progress $'000	Total $'000
Company								
Cost:								
At 1 July 2013		324	1,560	909	549	4,135	69	7,546
Additions		32	359	155	69	–	–	615
Disposals		–	(192)	(54)	–	–	–	(246)
Transfer from investment properties	13	–	–	–	–	610	–	610
Transfer to intangible assets	14	–	–	–	–	–	(69)	(69)
Transfer of assets to subsidiary		–	(68)	(7)	–	–	–	(75)
At 30 June 2014 and 1 July 2014		356	1,659	1,003	618	4,745	–	8,381
Additions		17	327	146	52	–	70	612
Disposals		–	–	(176)	–	–	–	(176)
Transfer from investment properties	13	–	–	–	–	600	–	600
At 30 June 2015		373	1,986	973	670	5,345	70	9,417
Accumulated depreciation:								
At 1 July 2013		25	905	502	33	28	–	1,493
Charge for the year		65	175	169	82	79	–	570
Transfer of assets to subsidiary		–	(3)	–	–	–	–	(3)
Disposals		–	(171)	(53)	–	–	–	(224)
At 30 June 2014 and 1 July 2014		90	906	618	115	107	–	1,836
Charge for the year		73	209	200	95	82	–	659
Disposals		–	–	(176)	–	–	–	(176)
At 30 June 2015		163	1,115	642	210	189	–	2,319
Net book value:								
At 30 June 2014		266	753	385	503	4,638	–	6,545
At 30 June 2015		210	871	331	460	5,156	70	7,098

In April 2015 and June 2014, the Group transferred one office unit respectively from investment properties to property, plant and equipment. On those dates, the Group determined that these units will no longer be held to earn rentals, and commenced the use of these units for its own operations.

The Group's leasehold building with a carrying amount of $5,156,000 (2014: $4,638,000) are mortgaged to secure the Group's interest-bearing borrowings (Note 26).

As at 30 June 2015, the fair value of the leasehold building was determined to be $6,065,000 (2014: $5,120,000). The valuation was performed by Colliers International Consultancy & Valuation (Singapore) Pte Ltd, an independent valuer with a recognised and relevant professional qualification and with recent experience 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.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2015

13. INVESTMENT PROPERTIES

	Group and Company	
	2015	2014
	$'000	$'000
Statements of financial position:		
At 1 July	4,830	5,330
Transfer to property, plant and equipment (Note 12)	(600)	(610)
Disposal of investment property	(700)	–
Fair value gain recognised in profit or loss	265	110
At 30 June	3,795	4,830
Consolidated statement of comprehensive income:		
Rental income from investment properties:		
– Minimum lease payments	170	109
Direct operating expenses arising from:		
– Rental generating properties	46	40

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.

Investment properties are stated at fair value, which has been determined based on valuations performed as at 30 June 2015. The valuation was performed by Colliers International Consultancy & Valuation (Singapore) Pte Ltd, an independent valuer with a recognised and relevant professional qualification and with recent experience 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.

During the year, the Group has disposed of one unit of investment property with a gain on disposal of $54,000 recognised in profit or loss.

Investment properties amounting to $3,795,000 (2014: $4,830,000) are mortgaged to secure the Group's interest-bearing borrowings (Note 26).

The investment properties held by the Group and the Company as at 30 June 2015 are as follows:

Description and Location	Existing Use	Tenure	Lease term
6 office units, A'Posh Bizhub 1 Yishun Industrial Street 1	Commercial	Leasehold	60 years

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2015

14. INTANGIBLE ASSETS

	Note	Customer contracts $'000	Club member-ship $'000	Computer software $'000	Work in progress $'000	Total $'000
Group						
Cost:						
At 1 July 2013		1,639	–	344	–	1,983
Additions		–	–	15	290	305
Transfer from property, plant and equipment	12	–	–	69	–	69
At 30 June 2014 and 1 July 2014		1,639	–	428	290	2,357
Additions		–	186	56	583	825
Exchange rate adjustments		–	–	7	–	7
At 30 June 2015		1,639	186	491	873	3,189
Accumulated amortisation:						
At 1 July 2013		–	–	198	–	198
Amortisation for the year		132	–	86	–	218
At 30 June 2014 and 1 July 2014		132	–	284	–	416
Amortisation for the year		132	–	95	–	227
At 30 June 2015		264	–	379	–	643
Net carrying amount:						
At 30 June 2014		1,507	–	144	290	1,941
At 30 June 2015		1,375	186	112	873	2,546

Customer contracts

Customer contracts relate to the existing cord blood and cord lining banking services contracts of the subsidiaries acquired in FY2013, with useful lives ranging from 3 to 18 years.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2015

14. INTANGIBLE ASSETS (CONTINUED)

Amortisation expense

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

	Note	Club membership $'000	Computer software $'000	Work in progress $'000	Total $'000
Company					
Cost:					
At 1 July 2013		–	334	–	334
Additions		–	15	290	305
Transfer from property, plant and equipment	12	–	69	–	69
At 30 June 2014 and 1 July 2014		–	418	290	708
Additions		186	53	583	822
At 30 June 2015		186	471	873	1,530
Accumulated amortisation:					
At 1 July 2013		–	198	–	198
Amortisation for the year		–	86	–	86
At 30 June 2014 and 1 July 2014		–	284	–	284
Amortisation for the year		–	82	–	82
At 30 June 2015		–	366	–	366
Net carrying amount:					
At 30 June 2014		–	134	290	424
At 30 June 2015		186	105	873	1,164

15. FINANCIAL ASSET DESIGNATED AT FAIR VALUE THROUGH PROFIT OR LOSS

	Group		Company	
	2015 $'000	2014 $'000	2015 $'000	2014 $'000
Quoted equity investment	60,858	50,494	60,858	50,494

As at 30 June 2015, the Group has a 9.13%* (2014: 10.02%) interest in China Cord Blood Corporation ("CCBC"), a cord blood banking company listed on the New York Stock Exchange. The carrying value of the investment is based on the last traded price as at 30 June 2015 (2014: 30 June 2014).

This investment is a financial asset designated at fair value through profit or loss in accordance with the Group's Risk Management and Investment Strategy (the "Strategy").

* Cordlife's interest in CCBC decreased during the financial year from 10.02% to 9.13% as a result of an issuance of restricted share units to selected members of the CCBC management team.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2015

15. FINANCIAL ASSET DESIGNATED AT FAIR VALUE THROUGH PROFIT OR LOSS (CONTINUED)

Consistent with the Strategy, the Group manages risk by setting a lower and upper limit in share price to dispose of this investment. The fair value of this investment is monitored by the Chief Financial Officer on a regular basis and reported to the Chief Executive Officer. Changes in fair values of this investment will also be reported to the board of directors at least on a quarterly basis, and as and when there is a significant fluctuation (>10%) in the share prices.

As disclosed in Note 42 to the financial statements, the Group has agreed to sell to Golden Meditech Holdings Limited ("Meditech") the Group's interest in CCBC on the terms and subject to the conditions of the conditional purchase agreement dated 8 May 2015 entered into by the Group and Meditech. In particular, the proposed sale is subject to the approval by the shareholders of the Group and the shareholders of Meditech.

On 14 September 2015, the Group has obtained shareholders' approval in an Extraordinary General Meeting in relation to the proposed sale. As at the date of the authorisation of the financial statements, Meditech has not held its Extraordinary General Meeting to obtain shareholders' approval. Management is unable to assess the probability of Meditech obtaining its shareholders' approval.

Management's intention has been to hold the investment for at least the next 12 months. In the event the proposed sale does not complete, management intends to continue holding the investment for at least the next 12 months.

As at the date of this financial statements, the fair value of the investment based on the last traded price as at 23 September 2015 is $64,693,000 (US$45,713,000) (26 September 2014: $46,121,000 (US$36,351,000)).

16. DERIVATIVE ASSET

	Group		Company	
	2015	2014	2015	2014
	$'000	$'000	$'000	$'000
Derivative asset	37,971	–	37,971	–

On 10 November 2014, the Group and Magnum Opus International Holding Limited ("Magnum") completed the acquisition of a 7% senior convertible note (the "Convertible Note") due 3 October 2017 issued by CCBC to Golden Meditech Holdings Limited in the principal amount of US$50 million. Under the terms of the acquisition, the Group will purchase 50% of the Convertible Note (the "CGL Note") and Magnum will purchase the remaining 50% of the Convertible Note. The Group and Magnum also entered into a facility agreement pursuant to which the Company will lend Magnum funds in an aggregate amount of up to US$46,500,000. The loan to external party is recognised as non-current loans and receivables at amortised cost (Note 18).

The Convertible Note bears interest at a rate equal to 7% per annum and is payable annually on 3 October in arrears until the maturity of the Convertible Note.

Under the terms of the CGL Note, the Group may, at any time before the maturity of the CGL Note, convert the principal amount of the CGL Note into 8,809,020 fully paid shares in CCBC. The conversion price per share in CCBC under the CGL Note based on the principal amount of US$25 million is US$2.838.

The financial instrument was bifurcated into a bond receivable and a conversion option, which were recognised as non-current loans and receivables at amortised cost (Note 18) and a financial derivative asset respectively. As at 30 June 2015, the fair value of the derivative asset is $37,971,000 (30 June 2014: $Nil).

Fair value changes on the conversion option is mainly affected by the time to maturity of the bond, the share price of CCBC as at the reporting date compared to the date of acquisition and the value of the bond as a function of the cash inflow from the bond at redemption date. Fair value gain on derivative asset of $12,922,000 (2014: $Nil) is recognised in profit or loss.

Foreign exchange gain on the derivative asset arising from fluctuation in the United States dollar against the Singapore dollar of $967,000 (2014: $Nil) is recognised in profit or loss.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2015

17. TRADE RECEIVABLES

	Group		Company	
	2015	**2014**	**2015**	**2014**
	$'000	**$'000**	**$'000**	**$'000**
Non-current				
Trade receivables	55,274	46,537	43,925	39,623
Less: Impairment loss	(668)	(576)	(467)	(365)
	54,606	45,961	43,458	39,258
Current				
Trade receivables	16,842	14,087	7,834	7,306
Less: Impairment loss	(1,586)	(1,197)	(556)	(448)
	15,256	12,890	7,278	6,858

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

Non-current trade receivables represent cord blood and cord lining banking service revenues receivable under installment payment plans that have yet to be billed to the customer. Upon billing, the billed amount will be receivable under the same terms as current trade receivables.

Non-current trade receivables are carried at amortised cost and are not yet due. The expected net cash flows have been discounted to their present value using the effective interest method. The effective interest rate for the entities in the Group are as follows:

- Cordlife Group Limited – 10% (2014: 10%)
- Cordlife Technologies Pte. Ltd. – 10% (2014: 10%)
- Cordlife (Hong Kong) Limited – 14% (2014: 14%)
- Cordlife Stem Cell Technology Limited – 14% (2014: 14%)
- Cordlife Sciences (India) Pvt. Ltd. – 17% (2014: 17%)
- Cordlife Medical Phils., Inc. – 14% (2014: 14%)
- PT. Cordlife Persada – 14% (2014: 14%)

An allowance for impairment loss is recognised when there is objective evidence that the trade receivable is impaired. Impairment of trade receivables is individually assessed. Movements in the allowance for impairment loss are as follows:

	Group		Company	
	2015	**2014**	**2015**	**2014**
	$'000	**$'000**	**$'000**	**$'000**
At the beginning of the year	1,773	1,632	813	763
Charge for the year	489	141	210	50
Write back for the year	(8)	–	–	–
At the end of the year	2,254	1,773	1,023	813

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2015

17. TRADE RECEIVABLES (CONTINUED)

Receivables that are past due but not impaired

The Group and the Company have trade receivables amounting to $5,634,000 (2014: $4,023,000) and $2,130,000 (2014: $1,648,000) respectively that are past due but not impaired. These receivables are unsecured and the analysis of their aging at the end of the reporting period is as follows:

	Total $'000	Less than 31 days $'000	31 – 60 days $'000	61 – 90 days $'000	>90 days $'000
Group					
30 June 2014	4,023	1,800	553	446	1,224
30 June 2015	5,634	1,406	856	596	2,776
Company					
30 June 2014	1,648	616	258	149	625
30 June 2015	2,130	526	291	172	1,141

18. OTHER RECEIVABLES

	Group		Company	
	2015 $'000	2014 $'000	2015 $'000	2014 $'000
Non-current				
Loan to external party (Note 16)	61,960	–	61,960	–
Bond receivable (Note 16)	34,493	–	34,493	–
Interest receivable on bond receivable	2,043	–	2,043	–
Other receivables	17	18	17	18
Deposits	–	211	–	–
	98,513	229	98,513	18
Current				
Interest receivable on loan to external party	594	–	594	–
Interest receivable on bond receivable	1,677	–	1,677	–
Interest receivable on fixed deposits	36	338	23	333
Other receivables	943	389	36	43
Deposits	960	327	394	21
	4,210	1,054	2,724	397

Loan to external party has an interest rate of 7% per annum (2014: Nil%) for the first 3 years; and at the higher of 4.6% over the Swap Offer Rate or 7% per annum, in the 4th and 5th years. The loan will be repaid in 4 equal instalments, on the dates 10 May 2018, 10 November 2018, 10 May 2019 and 10 November 2019. The loan is secured by the external party's 50% share of the Convertible Note (Note 16).

The bond receivable bears interest rate of 7% per annum, payable annually on 3 October each year in arrears until the maturity of the convertible note on 3 October 2017.

Foreign exchange gains on loan to external party and bond receivable of $2,355,000 (2014: $Nil) and $1,331,000 (2014: $Nil) respectively are recognised in profit or loss.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2015

19. FIXED DEPOSITS

	Group		Company	
	2015	**2014**	**2015**	**2014**
	$'000	**$'000**	**$'000**	**$'000**
Unpledged fixed deposits	12,256	11,778	11,949	11,500
Pledged fixed deposits	320	348	–	–

As at 30 June 2015, the Group's unpledged fixed deposits will mature within six to twelve months (2014: six to twelve months) and bear interest at an effective rate of 1.7% (2014: 1.3%) per annum.

Pledged fixed deposits which will mature in December 2015 (2014: December 2014) and bear interest at an effective rate of 0.7% (2014: 1.3%) per annum are pledged to secure merchant credit card facilities.

20. CASH AND CASH EQUIVALENTS

	Group		Company	
	2015	**2014**	**2015**	**2014**
	$'000	**$'000**	**$'000**	**$'000**
Cash at bank and on hand	15,738	32,643	11,668	28,451

Cash and cash equivalents denominated in foreign currencies (i.e. in currencies other than the functional currencies in which they are measured) as at 30 June are as follows:

	Group		Company	
	2015	**2014**	**2015**	**2014**
	$'000	**$'000**	**$'000**	**$'000**
Singapore Dollar	117	483	–	–
Malaysian Ringgit	24	922	24	922
Swiss Franc	70	179	42	179
United States Dollar	2,181	–	2,170	–
Chinese Yuan	29	–	–	–

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

21. SHORT TERM INVESTMENTS

	Group		Company	
	2015	**2014**	**2015**	**2014**
	$'000	**$'000**	**$'000**	**$'000**
Held for trading				
Unquoted debt investments	1,234	988	–	–

The Group's unquoted debt investments comprise investments in money market funds.

NOTES TO THE FINANCIAL STATEMENTS

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22. INVENTORIES

	Group		Company	
	2015 $'000	2014 $'000	2015 $'000	2014 $'000
Consumables, at cost	851	645	347	233

Inventories recognised as an expense in cost of sales amount to $4,767,000 (2014: $3,050,000).

23. AMOUNTS OWING BY/(TO) SUBSIDIARIES

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

Amounts owing to subsidiary (non-current) are non-trade related, unsecured, interest-free and have no fixed terms of repayment.

24. TRADE AND OTHER PAYABLES

	Group		Company	
	2015 $'000	2014 $'000	2015 $'000	2014 $'000
Current				
Trade payables	2,856	912	1,728	647
Other payables	3,130	3,837	1,259	1,388
Accrued expenses	2,031	2,361	1,222	1,718
Accrued interest payable	999	–	999	–
Accrual for salaries and bonuses	2,244	1,504	1,538	623
Accrual for unutilised leave	337	273	281	239
	11,597	8,887	7,027	4,615
Non-current				
Other payables	1,306	81	1,306	–

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

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

25. DEFERRED REVENUE

Deferred revenue represents revenue received in advance for services to be rendered under cord blood and cord lining banking contracts.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2015

26. INTEREST-BEARING BORROWINGS

	Group		Company	
	2015	**2014**	**2015**	**2014**
	$'000	**$'000**	**$'000**	**$'000**
Current liabilities				
Short-term loans:				
Loan II	3,500	3,500	3,500	3,500
Current portion of long-term loans:				
Loan I	306	268	306	268
Loan III	680	680	680	680
Total current liabilities	4,486	4,448	4,486	4,448
Non-current liabilities				
Non-current portion of long-term loans:				
Loan I	5,315	5,682	5,315	5,682
Loan III	2,040	2,720	2,040	2,720
Total non-current liabilities	7,355	8,402	7,355	8,402

Loan I

Loan I comprises of a SGD bank loan drawn down under an approved $6,450,000 loan facility secured by a first mortgage over the Group's leasehold building (Note 12) and investment properties (Note 13). 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 is repayable in 240 monthly instalments commencing 1 July 2011.

Loan II

Loan II comprises of a SGD bank loan drawn down under an approved $3,500,000 loan facility secured by a first mortgage over the Group's leasehold building (Note 12) and investment properties (Note 13). Interest rate is fixed at 1.50% + 1-month Swap Offer Rate. The loan is repayable on demand.

Loan III

Loan III comprises of a SGD bank loan drawn down under an approved $3,400,000 loan facility secured by a first mortgage over the Group's leasehold building (Note 12) and investment properties (Note 13). Interest rate is fixed at 1.50% + 1-month SOR. The loan is repayable in 5 annual instalments commencing 18 November 2014.

27. NOTES PAYABLE

On 29 October 2014, the Group issued $120,000,000 in aggregate principal amount of 4.9% fixed rate notes due 2017 (the "Notes") under the $500,000,000 Multicurrency Debt Issuance Programme established on 14 October 2014.

The Notes constitute direct, unconditional, unsubordinated and unsecured obligations of the Company and rank *pari passu*, without any preference or priority among themselves, and *pari passu* with all other present and future unsecured obligations (other than subordinated obligations and priorities created by law) of the Company from time to time outstanding. The Notes are redeemable upon maturity on 28 October 2017 and are listed on the Official List of the SGX-ST.

Interest expense of $4,597,000 (2014: $Nil) is recognised in profit or loss.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2015

28. DEFERRED TAX LIABILITIES

	Group				Company	
	Consolidated statement of financial position		Consolidated statement of comprehensive income		Statement of financial position	
	2015	2014	2015	2014	2015	2014
	$'000	$'000	$'000	$'000	$'000	$'000
Deferred tax liabilities						
Differences in depreciation for tax purposes	127	242	(121)	49	105	226
Unrealised share of other income from associate	(36)	(54)	18	(54)	–	–
Under provision in respect of previous years	–	–	6	–	–	–
	91	188			105	226
Deferred tax expense			(97)	(5)		

Unrecognised tax losses

At the end of the reporting period, the Group has tax losses of approximately $7,084,000 (2014: $4,041,000) 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 no unrecognised temporary differences (2014: $Nil) relating to investments in subsidiaries.

Tax consequences of proposed dividends

There are no income tax consequences (2014: $Nil) attached to the dividends to the shareholders proposed by the Company but not recognised as a liability in the financial statements (Note 40).

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2015

29. SHARE CAPITAL AND TREASURY SHARES

(a) *Share capital*

	Group and Company			
	2015		2014	
	No. of shares '000	$'000	No. of shares '000	$'000
Issued and fully paid:				
Ordinary shares				
At 1 July	267,525	96,657	232,687	53,548
Issuance of shares as consideration for acquisition of associate (Note 11)	–	–	8,000	10,000
Issuance of shares pursuant to private placement	–	–	26,838	33,548
Share issuance expense	–	–	–	(439)
At 30 June	267,525	96,657	267,525	96,657

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			
	2015		2014	
	No. of shares '000	$'000	No. of shares '000	$'000
At 1 July	(3,422)	(3,898)	(200)	(103)
Acquired during the financial year	(4,806)	(6,003)	(3,222)	(3,795)
At 30 June	(8,228)	(9,901)	(3,422)	(3,898)

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

The Company acquired 4,806,000 (2014: 3,222,000) shares in the Company through purchase of its own shares during the financial year. The total amount paid to acquire the shares was $6,003,000 (2014: $3,795,000) and this was presented as a component within equity.

30. OTHER RESERVES

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.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2015

30. OTHER RESERVES (CONTINUED)

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.

Acquisition reserve

Acquisition reserve represents the excess of the consideration over the carrying value when the Group acquired non-controlling interests in Cordlife (Hong Kong) Limited.

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.

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.

31. 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 30 June 2015 and 2014.

Operating lease commitments – as lessee

The Group leases office space under non-cancellable lease arrangements which have remaining lease terms ranging from 3 months to 14 years (2014: 5 months to 15 years). There are no renewal options and contingent rent provisions included in the contracts. The Group is restricted from subleasing the premises.

Future minimum rentals payable under non-cancellable operating leases as at 30 June are as follows:

	Group		Company	
	2015	**2014**	**2015**	**2014**
	$'000	**$'000**	**$'000**	**$'000**
Within one year	897	863	–	–
After one year but not more than five years	2,654	2,135	–	–
More than five years	1,032	1,123	–	–
	4,583	4,121	–	–

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2015

31. COMMITMENTS (CONTINUED)

Operating lease commitments – as lessor

The Group has entered into commercial property leases on its investment properties. These non-cancellable leases have remaining lease terms of between 0.5 and 2 years (2014: 0.5 and 3 years). There are no renewal options and contingent rent provisions included in the contracts. The lessees are restricted from subleasing the premises.

Future minimum rentals receivables under non-cancellable operating leases as at 30 June are as follows:

	Group		Company	
	2015 $'000	2014 $'000	2015 $'000	2014 $'000
Within one year	129	145	129	145
After one year but not more than five years	25	130	25	130
More than five years	–	28	–	28
	154	303	154	303

32. INVESTMENT IN SUBSIDIARIES

	Company	
	2015 $'000	2014 $'000
Unquoted equity shares, at cost	21,304	21,304
Less: Impairment loss	(270)	(270)
	21,034	21,034

Name of company	Country of incorporation	Principal activities	Percentage of equity held 2015 %	2014 %
Held by the Company:				
Cordlife (Hong Kong) Limited [1]	Hong Kong	Cord blood and cord lining banking services	100	100
Cordlife Technologies Pte. Ltd. [2]	Singapore	Cord lining banking services	100	100
Shanghai Cordlife Biomedical Research Co., Ltd [3]	People's Republic of China	Dormant	100	100
CS Cell Technologies Pte. Ltd. [2]	Singapore	Investment holding	100	100

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2015

32. INVESTMENT IN SUBSIDIARIES (CONTINUED)

Name of company	Country of incorporation	Principal activities	Percentage of equity held 2015 %	2014 %
Cordlife Stem Cell Technology Limited [1]	Hong Kong	Cord lining banking services	100	100
Held by CS Cell Technologies Pte Ltd				
Cordlife Sciences (India) Pvt. Ltd. [4]	India	Cord blood and cord lining banking services	85	85
Cordlife Medical Phils., Inc [5]	Philippines	Cord blood and cord lining banking services	99.99	99.99
PT. Cordlife Persada	Indonesia	Cord blood and cord lining banking services	67	67
Held by Cordlife Stem Cell Technology Limited				
Hong Kong Screening Centre Limited [1, 6]	Hong Kong	Newborn screening for metabolic disorders	67	100

1 Audited by Ernst & Young, Hong Kong

2 Audited by Ernst & Young LLP, Singapore

3 Audited by Shanghai Xinyi Certified Public Accountants Co. Ltd

4 Audited by D.N Mukherjee & Co.

5 Audited by Datiles Casedo and Associates, CPAs

6 On 17 July 2014, Hong Kong Screening Centre Limited allotted and issued 1,339,999 and 660,000 ordinary shares to Cordlife Stem Cell Technology Limited and a third party respectively.

Acquisition of subsidiaries

On 28 June 2013, the Group completed the acquisition of Life Corporation Limited's cord blood and cord lining banking businesses in India, the Philippines and Hong Kong, and assets and liabilities of Life Corporation Limited's subsidiary, P.T. Cordlife Indonesia (the "Acquisition"). The aggregate consideration for the acquisition is A$5.5 million (equivalent to S$6.4 million).

The Acquisition comprises of 100% of the issued and paid-up capital of CS Cell Technologies Pte. Ltd. ("CSCT Singapore") and Cordlife Stem Cell Technology Limited. CSCT Singapore is an investment holding company which holds 85% of the issued and paid-up capital of Cordlife Sciences (India) Pvt. Ltd. and approximately 99.99% of the issued share capital of Cordlife Medical Phils., Inc..

The Acquisition will enable the Group to enlarge its geographical footprint in Asia, and is in line with the Group's intentions, as stated in its listing prospectus, to expand its business operations overseas.

During the year ended 30 June 2014, the Company paid S$3,158,000 (2013: $1,556,000) to settle the amount for the acquisition of the subsidiaries.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2015

32. INVESTMENT IN SUBSIDIARIES (CONTINUED)

Impairment testing of investment in subsidiaries

During the financial year ended 30 June 2014, management performed an impairment test for the investments in Shanghai Cordlife Biomedical Research Co., Ltd and Cordlife Stem Cell Technology Limited, as these subsidiaries have been persistently making losses. Impairment loss of $270,000 was recognised for the year ended 30 June 2014 to write down these subsidiaries to their recoverable amount.

Interest in subsidiary with material non-controlling interest (NCI)

As at 30 June, the Group has the following subsidiary that has NCI that is material to the Group.

Name of subsidiary	Principal place of business	Proportion of ownership interest held by non-controlling interest	Loss allocated to NCI during the reporting period $	Accumulated NCI at the end of reporting period $	Dividends paid to NCI $
30 June 2015:					
Cordlife Sciences (India) Pvt. Ltd.	India	15%	262	444	–

Significant restrictions:

There are no significant restrictions on the Group's ability to use or access assets and settle liabilities of the subsidiary with material non-controlling interest.

Summarised financial information about subsidiary with material NCI

Summarised financial information including goodwill on acquisition and consolidation adjustments but before intercompany eliminations of subsidiary with material non-controlling interests are as follows:

Summarised statement of financial position

	Cordlife Sciences (India) Pvt. Ltd. 2015 $
Current	
Assets	7,605
Liabilities	4,746
Net current assets	2,859
Non-current	
Assets	2,669
Liabilities	3,075
Net non-current liabilities	(406)
Net assets	2,453

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2015

32. INVESTMENT IN SUBSIDIARIES (CONTINUED)

Summarised statement of comprehensive income

	Cordlife Sciences (India) Pvt. Ltd. 2015 $
Revenue	12,588
Loss before income tax	(1,679)
Income tax expense	–
Loss for the year, representing total comprehensive loss for the year	(1,679)
Other financial information	
Net cash flows used in operations	(2,903)
Acquisition of significant property, plant and equipment	861

33. EMPLOYEE BENEFITS EXPENSE

	Group	
	2015 $'000	2014 $'000
Salaries, bonuses and other short-term benefits	14,559	11,527
Central Provident Fund contributions	919	826
Share-based compensation expense (Cordlife Share Grant Plan)	108	45
	15,586	12,398

These include the amount shown as key management personnel compensation in Note 34(b).

Cordlife Share Grant Plan

The Cordlife Share Grant Plan is a share-based long-term incentive plan for selected key management personnel, which was approved by shareholders at an Extraordinary General Meeting held on 18 October 2013.

The details of the plan are described below:

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. In addition, for a period of at least one year after the award of the shares, 50% of all shares awarded to the participants under the Plan may not be transferred or otherwise disposed of.

NOTES TO THE FINANCIAL STATEMENTS

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33. EMPLOYEE BENEFITS EXPENSE (CONTINUED)

Cordlife Share Grant Plan (Continued)

Movement of share awards during the year

	Group	
	2015	**2014**
	No. of shares	
Outstanding at 1 July	138,300	–
– Granted	178,200	154,100
– Cancelled	–	(15,800)
Outstanding at 30 June	316,500	138,300

The expense recognised in profit or loss for employee services received under the Cordlife Share Grant Plan during the financial year ended 30 June 2015 is $108,000 (2014: $45,000).

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:

	2015	**2014**
Expected dividend yield (%)	2.4	1.7
Expected volatility (%)	34.18	32.18
Risk-free interest rate (%)	0.20 to 0.47	0.31 to 0.36
Expected term (years)	2	2
Share price at date of grant ($)	0.880	1.195

Based on the Monte Carlo simulation model, the estimated fair value at date of grant for each share granted under the Cordlife Share Grant Plan is $0.289 (2014: $1.436).

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2015

34. RELATED PARTY TRANSACTIONS

(a) In addition to the related party information disclosed elsewhere in the financial statements, the following significant transactions between the Group and related parties took place at terms agreed between the parties during the financial year:

	Group	
	2015	**2014**
	$'000	**$'000**
Fees for providing training and technical know-how transfer to associate	106	682
Royalty income from associate	101	–

(b) Compensation of key management personnel

	Group	
	2015	**2014**
	$'000	**$'000**
Salaries and bonuses	1,792	1,638
Defined contribution plans	86	89
Other short-term benefits	162	155
Share-based compensation	108	45
Directors' fees	532	600
Consultancy fees paid to non-independent and non-executive directors *	–	63
	2,680	2,590
Comprise amounts paid to:		
Directors of the Company	532	1,447
Other key management personnel	2,148	1,143
	2,680	2,590

* In 2014, consultancy fees were paid to Dr. Ho Choon Hou and Ms Jin Lu in accordance with their respective consultancy services agreement. Dr. Ho and Ms Jin assist the Group in investment opportunities and identifying further initiatives in collaboration and cooperation in the region.

35. CONTINGENT ASSET

During the current financial year, a legal claim for infringement of registered trademarks and copyrights was lodged against one of the Company's competitors. The competitor has agreed to enter into an amicable settlement with the Company. The Company has sought damages of $100,000 from the competitor, but the final quantum shall be assessed by the Court. It is not possible to reasonably determine the extent and timing of possible inflow of economic benefits. These claims are therefore not recognised in these financial statements.

NOTES TO THE FINANCIAL STATEMENTS

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36. FINANCIAL RISK MANAGEMENT

The Group and the Company is exposed to financial risks arising from its operations and the use of financial instruments. The key financial risks include credit risk, interest rate risk, liquidity risk and market price risk.

There has been no other change to the Group's exposure to these financial risks or the manner in which it manages and measures the risks as summarised below:

Credit risk

Credit risk is the risk of loss that may arise on outstanding financial instruments should a counterparty default on its obligations. The Group's exposure to credit risk arises primarily from trade and other receivables. For other financial assets (including cash and cash equivalents and fixed deposits), the Group minimises credit risk by dealing with high credit rating counterparties. Other receivables that are neither past due nor impaired are with credit-worthy debtors with good payment record with the Group. The Group's maximum exposure to credit risk is represented by the carrying amount of these financial assets.

Trade receivables comprise amounts due from parents and therefore the individuals cannot be subject to the types of credit assessments that could be otherwise undertaken if dealing with a corporate entity. To mitigate credit risk, receivable balances are monitored on a regular basis with the result that the Group's exposure to bad debts to date has not been significant. The nature of the cord blood banking business whereby the child's umbilical cord stem cells are stored with the Group reduces the likelihood of default in payment.

As at 30 June 2015, the Group has a loan of $61,960,000 (2014: $Nil) due from one external party. Details are disclosed in Note 18 to the financial statements.

There are no other significant concentrations of credit risk within the Group. Information regarding financial assets which are impaired, and financial assets which are past due but not impaired is disclosed in Note 17.

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 after July 2014.

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 fluctuation.

Sensitivity analysis for interest rate risk

At the end of the reporting period, if interest rates had been 75 (2014: 75) basis points lower/higher with all other variables held constant, the Group's profit net of tax would have been $74,000 (2014: $80,000) higher/lower, arising mainly as a result of lower/higher interest expense on floating rate interest-bearing borrowings.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2015

36. FINANCIAL RISK MANAGEMENT (CONTINUED)

Liquidity risk

Liquidity risk is the risk that the Group will encounter difficulty in meeting financial obligations due to shortage of funds. The Group's liquidity risk arises primarily from mismatches of the maturities of financial assets and liabilities. The Group's objective is to maintain adequate funding to meet the operating requirements of the business and to facilitate the Group's ongoing growth plans.

The Group's liquidity risk management policy is to maintain sufficient liquid financial assets.

At reporting date, the Group has cash and cash equivalents and unpledged fixed deposits of $27,994,000 (2014: $44,421,000). Hence, the Group's exposure to liquidity risk is minimal.

Market price risk

Market price 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 prices (other than interest or exchange rates).

The Group is exposed to market price risk arising from its financial assets designated at fair value through profit or loss (Note 15).

At the end of the reporting period, if the share price had been 5% higher/lower with all other variables held constant, the Group's profit for the year would have been $6,281,000 (2014: $2,525,000) higher/lower, arising as a result of higher/lower fair value gains on financial asset designated at fair value through profit or loss and derivative asset.

Foreign currency risk

The Group is exposed to foreign currency risk mainly arising from its financial assets 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 $10,089,000 (2014: $2,525,000) higher/lower, arising as a result of higher/lower revaluation gains on financial assets denominated in USD.

37. 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)

NOTES TO THE FINANCIAL STATEMENTS

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37. FAIR VALUE OF ASSETS AND LIABILITIES (CONTINUED)

(b) *Assets and liabilities measured at fair value*

The following table shows an analysis of financial instruments measured at fair value at the end of the reporting period:

	Fair value measurements at the end of the reporting period using			
	Quoted prices in active markets for identical instruments (Level 1) $'000	**Significant observable inputs other than quoted prices (Level 2) $'000**	**Significant un-observable inputs (Level 3) $'000**	**Total $'000**
Group				
2015				
Recurring fair value measurements				
Assets				
Financial assets:				
Financial asset designated at fair value through profit or loss				
– Quoted equity investment (Note 15)	60,858	–	–	60,858
Held for trading investments				
– Unquoted debt investments (Note 21)	–	1,234	–	1,234
Derivative				
Derivative asset (Note 16)	–	37,971	–	37,971
Financial assets as at 30 June 2015	60,858	39,205	–	100,063
Non-financial asset:				
Investment properties				
– Commercial properties (Note 13)	–	3,795	–	3,795
Non-financial asset as at 30 June 2015	–	3,795	–	3,795

NOTES TO THE FINANCIAL STATEMENTS

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37. FAIR VALUE OF ASSETS AND LIABILITIES (CONTINUED)

(b) *Assets and liabilities measured at fair value* (Continued)

	Fair value measurements at the end of the reporting period using			
	Quoted prices in active markets for identical instruments (Level 1)	**Significant observable inputs other than quoted prices (Level 2)**	**Significant un-observable inputs (Level 3)**	**Total**
	$'000	**$'000**	**$'000**	**$'000**
Group				
2014				
Recurring fair value measurements				
Assets				
Financial assets:				
Financial asset designated at fair value through profit or loss				
– Quoted equity investment (Note 15)	50,494	–	–	50,494
Held for trading investments				
– Unquoted debt investments (Note 21)	–	988	–	988
Financial assets as at 30 June 2014	50,494	988	–	51,482
Non-financial asset:				
Investment properties				
– Commercial properties (Note 13)	–	4,830	–	4,830
Non-financial asset as at 30 June 2014	–	4,830	–	4,830

NOTES TO THE FINANCIAL STATEMENTS

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37. FAIR VALUE OF ASSETS AND LIABILITIES (CONTINUED)

(b) *Assets and liabilities measured at fair value* (Continued)

	Fair value measurements at the end of the reporting period using			
	Quoted prices in active markets for identical instruments (Level 1) $'000	**Significant observable inputs other than quoted prices (Level 2) $'000**	**Significant un-observable inputs (Level 3) $'000**	**Total $'000**
Company				
2015				
Recurring fair value measurements				
Assets				
Financial assets:				
Financial asset designated at fair value through profit or loss				
– Quoted equity investment (Note 15)	60,858	–	–	60,858
Derivative				
Derivative asset (Note 16)	–	37,971	–	37,971
Financial assets as at 30 June 2015	60,858	37,971	–	98,829
Non-financial asset:				
Investment properties				
– Commercial properties (Note 13)	–	3,795	–	3,795
Non-financial asset as at 30 June 2015	–	3,795	–	3,795

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37. FAIR VALUE OF ASSETS AND LIABILITIES (CONTINUED)

(b) *Assets and liabilities measured at fair value* (Continued)

	Fair value measurements at the end of the reporting period using			
	Quoted prices in active markets for identical instruments (Level 1) $'000	**Significant observable inputs other than quoted prices (Level 2) $'000**	**Significant un-observable inputs (Level 3) $'000**	**Total $'000**
Company				
2014				
Recurring fair value measurements				
Assets				
Financial assets:				
Financial asset designated at fair value through profit or loss				
– Quoted equity investment (Note 15)	50,494	–	–	50,494
Financial assets as at 30 June 2014	50,494	988	–	51,482
Non-financial asset:				
Investment properties				
– Commercial properties (Note 13)	–	4,830	–	4,830
Non-financial asset as at 30 June 2014	–	4,830	–	4,830

(c) *Level 2 fair value measurements*

The following is a description of the valuation techniques and inputs used in the fair value measurement for assets and liabilities that are categorised within level 2 of the fair value hierarchy:

Short term investments

Short term investments are valued using present value calculations that incorporate short term interest rate yields.

Commercial investment properties

The valuation of commercial investment properties is based on comparable market transactions that consider sales of similar properties that have been transacted in the open market.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2015

37. FAIR VALUE OF ASSETS AND LIABILITIES (CONTINUED)

(c) *Level 2 fair value measurements* (Continued)

Derivative asset

The Black-Scholes option pricing model is used to calculate the fair value of conversion option which was recognised as a financial derivative asset. Fair value of the derivative asset is affected by the time to maturity of the bond, the share price of CCBC as at reporting date compared to the date of acquisition and the value of the bond as a function of the cash inflow from the bond at redemption date.

(d) *Assets and liabilities not carried at fair value but for which fair value is disclosed*

The following tables show an analysis of assets and liabilities not measured at fair value at the end of the reporting period but for which fair value is disclosed:

	Fair value measurements at the end of the reporting period using				
	Quoted prices in active markets for identical instruments (Level 1) $'000	**Significant observable inputs other than quoted prices (Level 2) $'000**	**Significant un-observable inputs (Level 3) $'000**	**Total $'000**	**Carrying Amount $'000**
Group					
2015					
Recurring fair value measurements					
Assets					
– Investment in associate (Note 11)	9,838	–	–	9,838	13,543
– Leasehold building (Note 12)	–	6,065	–	6,065	5,156
Assets as at 30 June 2015	9,838	6,065	–	15,903	18,699
2014					
Assets					
– Investment in associate (Note 11)	13,954	–	–	13,954	16,819
– Leasehold building (Note 12)	–	5,120	–	5,120	4,638
Assets as at 30 June 2014	13,954	5,120	–	19,074	21,457

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2015

37. FAIR VALUE OF ASSETS AND LIABILITIES (CONTINUED)

(d) *Assets and liabilities not carried at fair value but for which fair value is disclosed* (Continued)

	Fair value measurements at the end of the reporting period using				
	Quoted prices in active markets for identical instruments (Level 1) $'000	Significant observable inputs other than quoted prices (Level 2) $'000	Significant un-observable inputs (Level 3) $'000	Total $'000	Carrying Amount $'000
Company					
2015					
Recurring fair value measurements					
Assets					
– Investment in associate (Note 11)	9,838	–	–	9,838	13,543
– Leasehold building (Note 12)	–	6,065	–	6,065	5,156
Assets as at 30 June 2015	9,838	6,065	–	15,903	18,699
2014					
Recurring fair value measurements					
Assets					
– Investment in associate (Note 11)	13,954	–	–	13,954	18,220
– Leasehold building (Note 12)	–	5,120	–	5,120	4,638
Assets as at 30 June 2014	13,954	5,120	–	19,074	22,858

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2015

37. FAIR VALUE OF ASSETS AND LIABILITIES (CONTINUED)

(d) *Assets and liabilities not carried at fair value but for which fair value is disclosed* (Continued)

Determination of fair value

Investment in associate

The fair value as disclosed in the table above is the last traded price of StemLife on the Bursa Malaysia Exchange as at 30 June 2015 (2014: 30 June 2014).

Leasehold building

The valuation of leasehold building is based on comparable market transactions that consider sales of similar properties that have been transacted in the open market.

(e) *Fair value of financial instruments by classes that are not carried at fair value and whose carrying amounts are not a reasonable approximation of fair value*

Non-current amounts owing to subsidiary are stated at cost because there are no fixed terms of repayment. The fair values of these amounts are not determinable, as the timing of the future cash flows arising from these amounts cannot be estimated reliably.

(f) *Fair value of financial instruments by classes that are not carried at fair value and whose carrying amounts are a reasonable approximation of fair value*

Management has determined that the carrying amounts of cash and cash equivalents, fixed deposits, trade and other receivables, current amounts owing by/(to) subsidiaries and trade and other payables, based on their notional amounts, reasonably approximate their fair values because of their short term nature.

The carrying amount of long term trade receivables approximates their fair values as these amounts have been discounted to their present value using market determined risk adjusted discount rates for the Group.

The carrying amounts of long term other receivables bear interest at fixed rates which approximate market rates. Accordingly, their notional amounts approximate their fair values.

The carrying amount of 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

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2015

38. CLASSIFICATION OF FINANCIAL INSTRUMENTS

The following table sets out the financial instruments as at the end of the reporting period:

	2015 $'000	2014 $'000
Group		
Financial assets		
Loans and receivables:		
Trade receivables	69,862	58,851
Other receivables	102,723	1,283
Fixed deposits	12,576	12,126
Cash and cash equivalents	15,738	32,643
	200,899	104,903
Fair value through profit or loss:		
Short term investments	1,234	988
Financial asset designated at fair value through profit or loss	60,858	50,494
Derivative asset	37,971	–
	100,063	51,482
Financial liabilities		
Liabilities at amortised cost:		
Trade and other payables	12,903	8,968
Interest-bearing borrowings	11,841	12,850
Notes payable	117,463	–
	142,207	21,818

	2015 $'000	2014 $'000
Company		
Financial assets		
Loans and receivables:		
Trade receivables	50,736	46,116
Fixed deposits	11,949	11,500
Cash and cash equivalents	11,668	28,451
Other receivables	101,237	415
Amounts owing by subsidiaries	11,368	6,156
	186,958	92,638
Fair value through profit or loss:		
Financial asset designated at fair value through profit or loss	60,858	50,494
Derivative asset	37,971	–
	98,829	50,494
Financial liabilities		
Liabilities at amortised cost:		
Trade and other payables	8,333	4,615
Amounts owing to subsidiaries	25,090	1,917
Interest-bearing borrowings	11,841	12,850
Notes payable	117,463	–
	162,727	19,382
Liability at cost:		
Amounts owing to subsidiary (non-current)	–	21,035

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2015

39. 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 cord blood and cord lining services. Cord blood and cord lining is collected, processed and stored in the various laboratories in the regions that the Group operates in.

- The diagnostics segment comprises Metascreen, which is a comprehensive metabolic screening test specially designed for newborn babies.

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 long-term trade receivables.

- Income taxes that are managed on a group basis.

- Subsidiaries not in the principal activities of the provision of cord blood and cord lining banking services and metabolic screening.

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

Segment revenue

	Banking $'000	Diagnostics $'000	Others* $'000	Total $'000
Year ended 30 June 2015				
Revenue from external customers	57,436	103	44	57,583
Total consolidated revenue				57,583
Year ended 30 June 2014				
Revenue from external customers	48,951	7	129	49,087
Total consolidated revenue				49,087

* Others refer to the revenue of subsidiaries not in the principal activities of the provision of cord blood and cord lining banking and diagnostics services.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2015

39. SEGMENT REPORTING (CONTINUED)

Segment results

	Banking $'000	Diagnostics $'000	Others* $'000	Total $'000
Year ended 30 June 2015				
Depreciation and amortisation	(1,653)	(35)	–	(1,688)
Share of results of associate	(436)	–	–	(436)
Segment profit/(loss)	5,699	(248)	(2)	5,449
Impairment loss on investment in associate				(2,646)
Fair value gain on investment properties				265
Fair value changes on financial asset designated at fair value through profit or loss				10,364
Fair value changes on derivative asset				12,922
Exchange differences				4,653
Finance income				7,043
Finance costs				(4,782)
Profit before income tax				33,268
Income tax				(1,143)
Profit for the year				32,125
Year ended 30 June 2014				
Depreciation and amortisation	(1,508)	–	–	(1,508)
Share of results of associate	(2,350)	–	–	(2,350)
Segment profit/(loss)	6,470	(10)	(17)	6,443
Fair value gain on investment properties				110
Fair value changes on financial asset designated at fair value through profit or loss				18,716
Gain on transfer from associate to financial asset designated at fair value through profit or loss				6,297
Finance income				288
Profit before income tax				31,854
Income tax				(1,474)
Profit for the year				30,380

* Others refers to results of subsidiaries not in the principal activities of the provision of cord blood and cord lining banking and diagnostics services.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2015

39. SEGMENT REPORTING (CONTINUED)

Segment assets and liabilities

	Banking $'000	Diagnostics $'000	Others* $'000	Total $'000
Year ended 30 June 2015				
Additions to non-current assets, comprising additions to property, plant and equipment and intangible assets	2,789	4	–	2,793
Investment in associate	13,543	–	–	13,543
Segment assets	168,034	251	1,115	169,400
Financial asset designated at fair value through profit or loss				60,858
Derivative asset				37,971
Loan to and interest receivable from external party (Note 18)				62,554
Bond receivable and interest receivable on bond receivable (Note 18)				38,213
Investment properties				3,795
Eliminations+				(39,828)
Per consolidated financial statements				332,963
Segment liabilities	84,984	266	6,884	92,134
Notes payable				117,463
Tax payables				1,103
Deferred tax liabilities				91
Eliminations+				(39,774)
Per consolidated financial statements				171,017
Year ended 30 June 2014				
Additions to non-current assets, comprising additions to property, plant and equipment and intangible assets	1,884	–	–	1,884
Investment in associate	16,819	–	–	16,819
Segment assets	163,791	163	1,276	165,230
Financial asset designated at fair value through profit or loss				50,494
Investment properties				4,830
Eliminations+				(29,847)
Per consolidated financial statements				190,707
Segment liabilities	74,487	247	2,630	77,364
Tax payables				1,558
Deferred tax liabilities				188
Eliminations+				(29,695)
Per consolidated financial statements				49,415

\+ Inter-segment balances are eliminated on consolidation.

* Others refer to the assets and liabilities of subsidiaries not in the principal activities of the provision of cord blood and cord lining banking and diagnostic services.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2015

39. SEGMENT REPORTING (CONTINUED)

Geographical information

	Revenue		Non-current assets	
	2015	2014	2015	2014
	$'000	$'000	$'000	$'000
Singapore	33,387	32,711	12,172	11,898
Hong Kong	4,770	4,695	776	981
India	12,583	6,511	1,595	1,007
Malaysia	–	–	13,543	16,819
Others	6,843	5,170	1,362	1,294
	57,583	49,087	29,448	31,999

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

40. DIVIDENDS

	Group and Company	
	2015	2014
	$'000	$'000
Declared and paid during the financial year:		
Dividends on ordinary shares:		
Interim exempt (one-tier) dividend for 2015: 1.0 cents (2014: 1.0 cents) per share	2,593	2,673
Final exempt (one-tier) dividend for 2014: 1.0 cents (2013: 1.0 cents) per share	2,593	2,665
	5,186	5,338
Dividends on ordinary shares, subject to shareholders' approval at the AGM:		
Final exempt (one-tier) dividend for 2015: 1.0 cents (2014: 1.0 cents) per share	2,593	2,641

41. CAPITAL MANAGEMENT

Capital comprise of 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 years ended 30 June 2015 and 2014.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2015

41. CAPITAL MANAGEMENT (CONTINUED)

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 and notes payable divided by total equity attributable to owners of the Company.

	Group	
	2015 $'000	2014 $'000
Interest-bearing borrowings	11,841	12,850
Notes payable	117,463	–
	129,304	12,850
Equity attributable to owners of the Company	162,406	141,474
Total debt to total equity ratio	79.62%	9.08%

42. EVENTS OCCURRING AFTER THE REPORTING PERIOD

On 14 September 2015, the Group has obtained shareholders' approval in an Extraordinary General Meeting in relation to the proposed sale of shares and the convertible note in China Cord Blood Corporation ("CCBC") to Golden Meditech Holdings Limited ("Meditech").

The Group has agreed to sell to Meditech 7,314,015 ordinary shares of par value US$0.0001 per share in China Cord Blood Corporation ("CCBC") and a 7% senior unsecured convertible note due 3 October 2017 issued by China Cord Blood Corporation to the Company in the principal amount of US$25,000,000, on the terms and subject to the conditions of the conditional purchase agreement dated 8 May 2015 entered into by the Group and Meditech.

Under the terms of the Agreement,

(a) the total consideration for the sale of the Sale Shares (the "Share Consideration") is the aggregate of (i) US$46,809,696, being the product of the US$6.40 Base Acquisition Price and the total number of Sale Shares (being 7,314,015) and (ii) if CCBC declares any distribution between the date of the Agreement and the completion date of the Proposed Disposal (the "Completion Date"), the amount of distribution per CCBC Share multiplied by 7,314,015, to the extent that such distribution is not paid to the Company prior to the Completion Date; and

(b) the total consideration for the sale of the Convertible Note (the "Note Consideration") shall be the aggregate of (i) US$5,100,000, (ii) US$56,377,728, being the product of the US$6.40 Base Acquisition Price and the total number of Conversion Shares into which the Convertible Note is then convertible (being 8,809,020) and (iii) the total amount of interest accrued but unpaid on the Convertible Note during the period from 3 October 2014 to the Completion Date[1] and (iv) if CCBC declares any distribution between the date of the Agreement and the Completion Date, the amount of distribution per CCBC Share multiplied by 8,809,020, to the extent that such distribution is not paid to the Company prior to the Completion Date.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2015

42. EVENTS OCCURRING AFTER THE REPORTING PERIOD (CONTINUED)

In addition, if the sum of (a) the consideration per CCBC Share paid to shareholders of CCBC upon completion of the Proposal and (b) the amount per CCBC Share of all distributions declared after the Completion Date and prior to the completion of the Proposal (the sum of (a) and (b), the "Final Proposal Price") is higher than the US$6.40 Base Acquisition Price per CCBC Share, then the Purchaser shall pay to the Company an additional payment (the "Additional Consideration", and together with the Share Consideration and the Note Consideration, the "Aggregate Consideration") computed as follows: the difference between the Final Proposal Price and the US$6.40 Base Acquisition Price multiplied by 16,123,035 (being the aggregate number of Sale Shares and Conversion Shares).

The final Share Consideration and the final Note Consideration payable under the Agreement are dependent on whether CCBC declares any distribution between the date of the Agreement and the Completion Date, which is unknown as at the Latest Practicable Date. In addition to the foregoing, the final Aggregate Consideration is also dependent on whether Additional Consideration is payable which is dependent on the Final Proposal Price which is also unknown as at the Latest Practicable Date.

Meditech and the Group have each agreed to use all reasonable efforts within their respective capacity to ensure that the conditions precedent are fulfilled by 31 October 2015.

Under the terms of the purchase agreement, the completion of the disposal is conditional on Meditech having obtained the approval of its shareholders. As at the date of the authorisation of the financial statements, Meditech has not held its Extraordinary General Meeting to obtain shareholders' approval.

1 On 25 August 2014, the Company entered into a conditional convertible note sale agreement (the "Acquisition Agreement") pursuant to which the Company acquired the Convertible Note from the Purchaser. The Company completed the acquisition of the Convertible Note on 10 November 2014. Under the terms of the Acquisition Agreement, the Purchaser is entitled to the interest payable on the Convertible Note up to and including 10 November 2014. Therefore, notwithstanding that the Note Consideration payable by the Purchaser to the Company under the terms of the Agreement includes the total amount of interest accrued but unpaid on the Convertible Note during the period from 3 October 2014 to the Completion Date, the Company is required to pay over to the Purchaser, the interest accrued but unpaid on the Convertible Note for the period from 3 October 2014 to 10 November 2014 pursuant to the terms of Acquisition Agreement (the "Purchaser's Entitlement"). The Purchaser's Entitlement amounts to US$179,861.

43. AUTHORISATION OF FINANCIAL STATEMENTS FOR ISSUE

The financial statements for the financial year ended 30 June 2015 were authorised for issue in accordance with a resolution of the directors on 23 September 2015.

STATISTICS OF SHAREHOLDINGS

AS AT 17 SEPTEMBER 2015

Class of equity securities	:	Ordinary Shares
Number of equity securities	:	259,297,354 ordinary shares
Voting rights	:	one vote per share
Number of treasury shares	:	8,228,000 ordinary shares

STATISTICS OF SHAREHOLDERS

Size of Holdings	Shareholders	%[1]	No. of Shares	%[1]
1 – 99	13	0.62	321	0.00
100 – 1,000	155	7.34	127,159	0.05
1,001 – 10,000	1,302	61.68	7,391,759	2.85
10,001 – 1,000,000	619	29.32	38,536,634	14.86
1,000,001 and above	22	1.04	213,241,481	82.24
	2,111	100.00	259,297,354	100.00

SUBSTANTIAL SHAREHOLDERS AS AT 17 SEPTEMBER 2015

(As recorded in the Register of Substantial Shareholders)

	Direct		Deemed	
Substantial Shareholders	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	9.841	–	–
China Stem Cells Holdings Limited	–	–	25,516,666[2]	9.841
China Cord Blood Services Corporation	–	–	25,516,666[3]	9.841
China Cord Blood Corporation	–	–	25,516,666[4]	9.841
Golden Meditech Stem Cells Company Limited	–	–	25,516,666[5]	9.841
Golden Meditech Holdings Limited	–	–	25,516,666[6]	9.841
Coop International Pte. Ltd.	29,092,000	11.22	–	–
Bonvests Holdings Limited	–	–	29,092,000[7]	11.22
Wells Spring Pte. Ltd.	25,200,000	9.72	–	–
Providence Investments Pte Ltd	4,100,000	1.58	25,200,000[8]	9.72
Chye Hin Pte Ltd	–	–	29,300,000[9]	11.30
Tai Tak Estates Sdn Bhd	–	–	29,300,000[10]	11.30
SG Investments Pte Ltd	–	–	29,300,000[11]	11.30
Ho Han Leong Calvin	–	–	29,300,000[12]	11.30
FIL Limited	–	–	20,663,700[13]	7.97
Robust Plan Limited	15,920,000	6.14	–	–
Shanghai Dunheng Capital Management Co., Ltd	–	–	15,920,000[14]	6.14
Jiaxing Huiling No. 3 Investment Partnership (Limited Partnership)	–	–	15,920,000[15]	6.14
Minsheng (Shanghai) Asset Management Co., Ltd.	–	–	15,920,000[16]	6.14
China Minsheng Investment Corp., Ltd	–	–	15,920,000[17]	6.14
Jiaxing Huiling Capital Management Co., Ltd	–	–	15,920,000[18]	6.14
CMI Capital Co., Ltd	–	–	15,920,000[19]	6.14

STATISTICS OF SHAREHOLDINGS

AS AT 17 SEPTEMBER 2015

Notes:

(1) As a percentage of the issued share capital of the Company (excluding the 8,228,000 Shares held as treasury shares), comprising 259,297,354 Shares.

(2) 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 Securities and Futures Act ("**SFA**").

(3) 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) China Cord Blood Corporation ("**CCBC**") 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) Golden Meditech Stem Cells Company Limited ("**GMSCCL**") holds approximately 42.03% equity interests in CCBC and is therefore deemed to be interested in the Shares held by CSCECL by virtue of Section 4 of the SFA.

(6) Golden Meditech Holdings Limited is the sole shareholder of GMSCCL and is therefore deemed to be interested in the Shares held by CSCECL by virtue of Section 4 of the SFA.

(7) Bonvests Holdings Limited is the sole shareholder of Coop International Pte. Ltd. ("**CIPL**") and is therefore deemed to be interested in the Shares held by CIPL by virtue of Section 4 of the SFA.

(8) Providence Investments Pte Ltd ("**PIPL**") is the sole shareholder of Wells Spring Pte. Ltd. ("**WSPL**") and is therefore deemed to be interested in the Shares held by WSPL by virtue of Section 4 of the SFA.

(9) Chye Hin Pte Ltd ("**CHPL**") is the sole shareholder of PIPL and is therefore deemed to be interested in the Shares held by WSPL and PIPL by virtue of Section 4 of the SFA.

(10) Tai Tak Estates Sdn Bhd ("**TTESB**") is the sole shareholder of CHPL and is therefore deemed to be interested in the Shares held by WSPL and PIPL by virtue of Section 4 of the SFA.

(11) SG Investments Pte Ltd ("**SIPL**") is a shareholder of TTESB and is therefore deemed to be interested in the Shares held by WSPL and PIPL by virtue of Section 4 of the SFA.

(12) Ho Han Leong Calvin is deemed to be interested in the Shares held by WSPL and PIPL as he is a shareholder of SIPL and TTESB.

(13) Based on the Form 3 (Notification Form for Substantial Shareholder(s)/Unitholder(s) in respect of Interests in Securities) received by the Company on 20 August 2015, FIL Limited is a privately-owned company incorporated under the laws of Bermuda. Pandanus Partner L.P. is deemed interested in the shares held by FIL Limited.

(14) 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) Jiaxing Huiling No. 3 Investment Partnership (Limited Partnership) ("**JH 3**") is the sole shareholder of SDCMCL and is therefore deemed to be interested in the Shares held by SDCMCL by virtue of Section 4 of the SFA.

(16) Minsheng (Shanghai) Asset Management Co., Ltd. ("**MSAMCL**") is deemed to have an interest in the Cordlife Shares held by RPL through its 99.95%-owned subsidiary, JH 3, by virtue of Section 4 of the SFA.

(17) China Minsheng Investment Corp., Ltd ("**CMICL**") is deemed to have an interest in the Shares held by RPL through its wholly-owned subsidiary, MSAMCL by virtue of Section 4 of the SFA.

(18) Jiaxing Huiling Capital Management Co., Ltd ("**JH**") is deemed to have an interest in the Shares held by RPL by virtue of Section 4 of the SFA as it has the authority to exercise control over the disposal of the Shares. RPL is wholly-owned by SDCMCL which is in turn wholly-owned by JH 3 which is 99.95% owned by MSAMCL and 0.05% owned by JH.

(19) CMI Capital Co., Ltd is deemed to have an interest in the Shares held by RPL, through its wholly-owned subsidiary, JH by virtue of Section 4 of the SFA.

STATISTICS OF SHAREHOLDINGS

AS AT 17 SEPTEMBER 2015

TWENTY LARGEST SHAREHOLDERS

No.	Name	No. of Shares	%
1	CITIBANK NOMINEES SINGAPORE PTE LTD	48,082,645	18.54
2	RAFFLES NOMINEES (PTE) LTD	46,044,171	17.76
3	WELLS SPRING PTE. LTD.	25,200,000	9.72
4	UOB KAY HIAN PTE LTD	24,170,500	9.32
5	DBS VICKERS SECURITIES (S) PTE LTD	16,198,430	6.25
6	PHILLIP SECURITIES PTE LTD	9,648,060	3.72
7	DBS NOMINEES PTE LTD	9,440,396	3.64
8	DBSN SERVICES PTE LTD	6,944,200	2.68
9	HO HAN SIONG CHRISTOPHER	4,455,000	1.72
10	PROVIDENCE INVESTMENTS PTE LTD	4,100,000	1.58
11	TANTALUM CELLULAR PRODUCTS LLC	2,566,972	0.99
12	XU YALAN	2,136,200	0.82
13	UNITED OVERSEAS BANK NOMINEES PTE LTD	1,836,313	0.71
14	CHATSWORTH CAPITAL MANAGEMENT LTD	1,800,000	0.69
15	HSBC (SINGAPORE) NOMINEES PTE LTD	1,762,866	0.68
16	DB NOMINEES (S) PTE LTD	1,674,287	0.65
17	MORGAN STANLEY ASIA (SINGAPORE) SECURITIES PTE LTD	1,529,600	0.59
18	CHUNG KWONG YI	1,200,000	0.46
19	LEE MOH MING	1,152,723	0.44
20	MAYBANK KIM ENG SECURITIES PTE LTD	1,124,900	0.43
	Total	**211,067,263**	**81.39**

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

As at 17 September 2015, approximately 52.46% of the shareholding in the Company was held in the hands of the public (on the basis of 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 at the Auditorium 302, Level 3, NTU@one-north Executive Centre, 11 Slim Barracks Rise (off North Buona Vista Road), Singapore 138664 on Friday, 16 October 2015 at 2.00 p.m. for the following purposes:

Ordinary Business

1. To receive and adopt the Directors' Report and Audited Financial Statements of the Company for the financial year ended 30 June 2015 together with the Auditor's Report thereon. **(Resolution 1)**

2. To re-elect Mr Yee Pinh Jeremy who is retiring pursuant to Article 94 of the Company's Articles of Association. **(Resolution 2)**

3. To re-elect Mr Ho Sheng who is retiring pursuant to Article 94 of the Company's Articles of Association. **(Resolution 3)**

   Mr Ho Sheng 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 Ho will remain as the Chairman of the Nominating Committee and a member of the Audit Committee.

4. To approve the payment of a final tax exempt (1-tier) dividend of S$0.01 per ordinary share for the financial year ended 30 June 2015. **(Resolution 4)**

5. To approve the payment of Directors' fee of S$450,000.00 for the financial year ending 30 June 2016, payable quarterly in arrears (2015: S$450,000.00). **(Resolution 5)**

6. To approve the payment of additional Director's fee of S$120,000.00 to Dr. Ho Choon Hou for the financial year ending 30 June 2016, payable quarterly in arrears. [See Explanatory Note (i)] **(Resolution 6)**

7. To re-appoint Messrs Ernst & Young LLP as the Company's Auditors and to authorise the Directors to fix their remuneration. **(Resolution 7)**

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

Special Business

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

9. Authority to allot and issue shares

   "That, pursuant to Section 161 of the Companies Act, (Chapter 50 of Singapore) (the "**Companies Act**") 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

NOTICE OF ANNUAL GENERAL MEETING

(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 Articles of Association 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."

[See Explanatory Note (ii)]
(Resolution 8)

10. 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."

[See Explanatory Note (iii)]
(Resolution 9)

NOTICE OF ANNUAL GENERAL MEETING

11. Proposed renewal of the Share Purchase Mandate

"That:–

(a) for the purposes of the Companies Act (Chapter 50 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 after the relevant five-day period;

"**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;

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

NOTICE OF ANNUAL GENERAL MEETING

"**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 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 the resolution relating to the Share Purchase Mandate 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.

[See Explanatory Note (iv)]
(Resolution 10)

By Order of the Board

Ang Siew Koon
Low Siew Tian
Company Secretaries

Singapore,
1 October 2015

Explanatory Notes:

(i) **Ordinary Resolution 6**

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

(ii) **Ordinary Resolution 8** proposed under agenda item 9 above, if passed, will authorise and empower the Directors from the date of this Annual General Meeting until the next Annual General Meeting 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 Annual General Meeting of the Company.

(iii) **Ordinary Resolution 9** proposed under agenda item 10 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 10**

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 30 June 2015 is set out in the Company's letter to Shareholders dated 1 October 2015. Shareholders should note that the financial effects set out therein are purely for illustrative purposes only.

Books Closure 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 26 October 2015 ("**Book Closure Date**") for the purpose of determining members' entitlement to the final dividend ("**Dividend**").

Duly completed registrable transfers received by the Company's Share Registrar Tricor Barbinder Share Registration Services at 80 Robinson Road, #02-00 Singapore 068898 up to 5.00 p.m. on 23 October 2015 ("**Entitlement 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 Entitlement Date will be entitled to the Dividend.

The Dividend, if approved by the shareholders at the Annual General Meeting, will be paid on 6 November 2015.

NOTES:

1. A member entitled to attend and vote at the Annual General Meeting is entitled to appoint one or two proxies to attend and vote instead of him. A proxy need not be a member of the Company.

2. Where a member appoints more than one proxy, the appointment shall be invalid unless he/she specifies the proportion of his/her shareholding to be represented by each proxy.

3. The instrument appointing a proxy or proxies must be under the hand of the appointor or by his/her attorney duly authorised in writing. Where the instrument appointing a proxy or proxies is executed by a corporation, it must be executed either under its common seal or under the hand of its attorney or a duly authorised officer.

4. The instrument appointing a proxy must be deposited at the Company's Share Registrar, Tricor Barbinder Share Registration Services (a division of Tricor Singapore Pte Ltd) either by hand at 80 Robinson Road, #11-02, Singapore 068898 or by post at 80 Robinson Road, #02-00, Singapore 068898 not less than forty-eight hours (48) before the time for holding the Annual General Meeting.

Personal data privacy:

By submitting an instrument appointing a proxy(ies) and/or representative(s) to attend, speak and vote at the Annual General Meeting, a member of the Company (i) 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 proxies and representatives appointed for the Annual General Meeting and the preparation and compilation of the attendance lists, minutes and other documents relating to the Annual General Meeting, and in order for the Company (or its agents) to comply with any applicable laws, listing rules, regulations and/or guidelines (collectively, the "Purposes"), (ii) warrants that where the member discloses the personal data of the member's proxy(ies) and/or representative(s) to the Company (or its agents), the member has obtained the prior consent of such proxy(ies) and/or representative(s) for the collection, use and disclosure by the Company (or its agents) of the personal data of such proxy(ies) and/or representative(s) for the Purposes, and (iii) agrees that the member will indemnify the Company in respect of any penalties, liabilities, claims, demands, losses and damages as a result of the member's breach of warranty.

Proxy Form

cordlife
one chance, one choice.

(Registration Number: 200102883E)
(Incorporated in the Republic of Singapore on 2 May 2001)

IMPORTANT

1. For investors who have used their CPF monies to buy Cordlife Group Limited's shares, the Circular is forwarded to them at the request of their CPF Approved Nominees and is sent FOR INFORMATION ONLY.
2. This Proxy Form is not valid for use by CPF investors and shall be ineffective for all intents and purposes if used or purported to be used by them.
3. CPF investors who wish to attend the Meeting as an observer must submit their requests through their CPF Approved Nominees within the time frame specified. If they also wish to vote, they must submit their voting instructions to the CPF Approved Nominees within the time frame specified to enable them to vote on their behalf.

Personal Data Privacy
By submitting an instrument appointing a proxy(ies) and/or representative(s), the member accepts and agrees to the personal data privacy term set out in Notice of AGM dated 1 October 2015.

ANNUAL GENERAL MEETING

I/We ______________________ (Name(s)) and ______________ (NRIC/Passport Number(s))

of ____ (Address)

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

Name	Address	NRIC/Passport Number	Proportion of Shareholdings	
			No. of Shares	%

and/or (delete as appropriate)

Name	Address	NRIC/Passport Number	Proportion of Shareholdings	
			No. of Shares	%

or failing *him/her/them, 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 on Friday, 16 October 2015 at 2.00 p.m. at Auditorium 302, Level 3, NTU@one-north Executive Centre, 11 Slim Barracks Rise (off North Buona Vista Road), Singapore 138664 and at any adjournment thereof. I/We direct my/our proxy/proxies to vote for or against the resolutions to be proposed at the AGM as indicated hereunder. If no specific direction as to voting is given, the proxy/proxies will vote or abstain from voting at his/ their discretion, as he/they will on any other matter arising at the AGM.

No.	Ordinary Resolutions	No. of Votes For*	No. of Votes Against*
	Ordinary Resolutions Relating to:		
	Ordinary Business		
1.	Directors' Report and Audited Financial Statements for the financial year ended 30 June 2015 together with the Auditor's Report thereon.		
2.	Re-election of Mr Yee Pinh Jeremy as a director.		
3.	Re-election of Mr Ho Sheng as a director.		
4.	Final tax exempt (1-tier) dividend of S$0.01 per ordinary share for the financial year ended 30 June 2015.		
5.	Directors' fee amounting to S$450,000.00 for the financial year ending 30 June 2016, payable quarterly in arrears.		
6.	Additional Directors' fee amounting to S$120,000.00 to Dr. Ho Choon Hou for the financial year ending 30 June 2016, payable quarterly in arrears.		
7.	Re-appointment of Messrs Ernst & Young LLP as Auditors.		
	Special Business		
8.	Authority to directors to allot and issue shares.		
9.	Authority to grant share awards and to issue shares under the Cordlife Share Grant Plan.		
10.	Proposed Renewal of the Share Purchase Mandate.		

* If you wish to exercise all your votes "For" or "Against", please tick (√) within the box provided. Alternatively, please indicate the number of votes as appropriate.

Dated this ________ day of ________________

Total number of Shares held

____
Signature(s) of Shareholder(s)/Common Seal
1st Fold (this flap for sealing)

NOTES:

1. A member entitled to attend and vote at the Annual General Meeting is entitled to appoint one or two proxies to attend and vote instead of him. A proxy need not be a member of the Company.

2. Where a member appoints more than one proxy, the appointment shall be invalid unless he/she specifies the proportion of his/her shareholding to be represented by each proxy.

3. The instrument appointing a proxy or proxies must be under the hand of the appointor or by his/her attorney duly authorised in writing. Where the instrument appointing a proxy or proxies is executed by a corporation, it must be executed either under its common seal or under the hand of its attorney or a duly authorised officer.

4. The instrument appointing a proxy must be deposited at the Company's Share Registrar, Tricor Barbinder Share Registration Services (a division of Tricor Singapore Pte Ltd) either by hand at 80 Robinson Road, #11-02, Singapore 068898 or by post at 80 Robinson Road, #02-00, Singapore 068898 not less than forty-eight hours (48) before the time for holding the Annual General Meeting.

GENERAL:

The Company shall be entitled to reject a proxy form which is incomplete, improperly completed, illegible or where the true intentions of the appointor are not ascertainable from the instructions of the appointor specified on the proxy form.

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cordlife
one chance, one choice.

Cordlife Group Limited

Company Registration Number: 200102883E

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