

back to basics

Annual Report 2016



Back To Basics

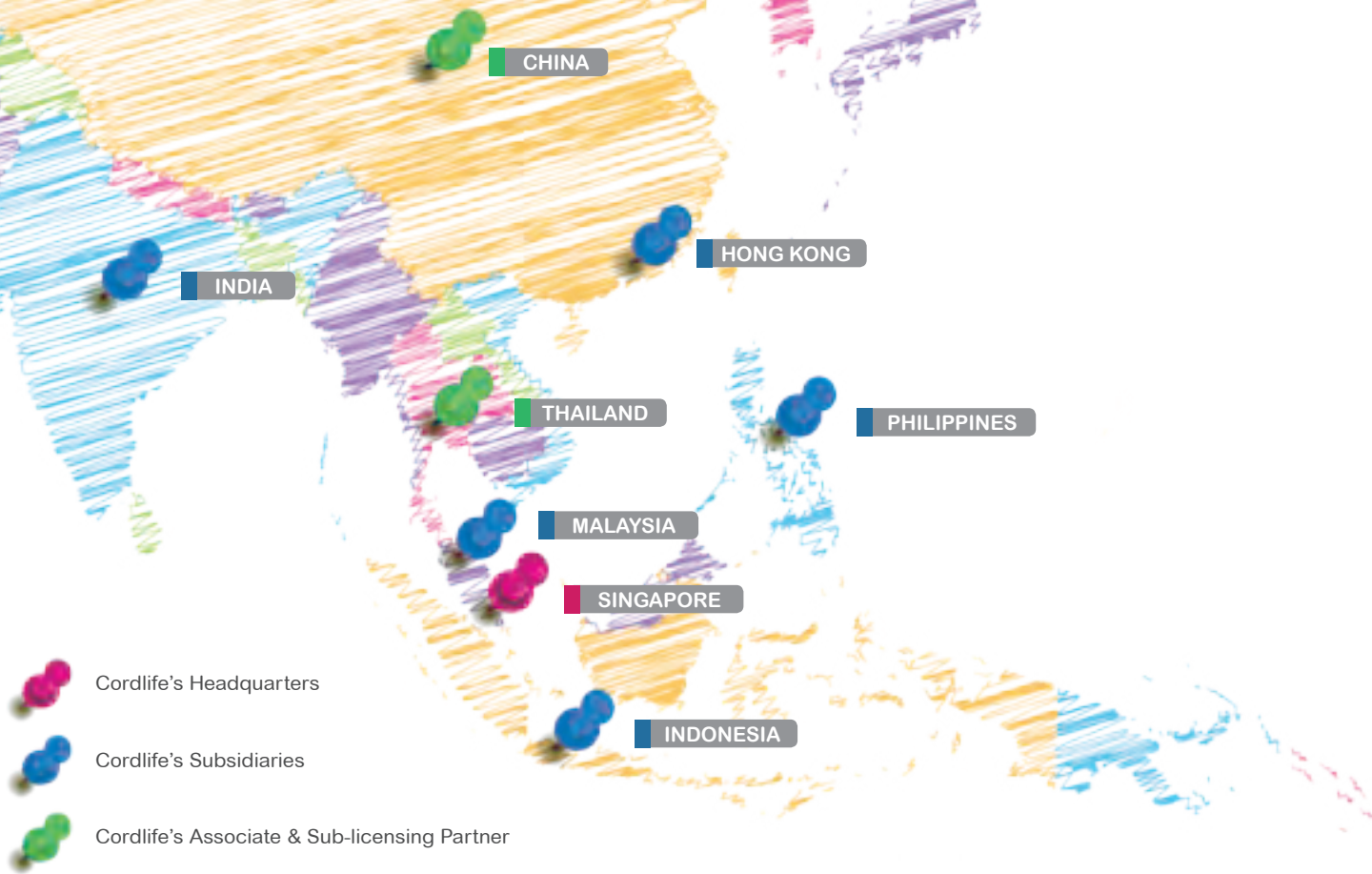
Through our years of experience and foundation building, we have established our distinguished brand name as a consumer healthcare company dedicated to serving the needs of the mother and child segment. We remain committed to our values to drive sustainable growth for all our stakeholders.

While we continuously grow and expand our scope of products and services, we stay true to our core – which is the very basic reason why we are in this business – that is to serve the needs of mother and child. ‘Back to Basics’, this theme re-enforces our determination and strategies to grow together with our stakeholders, which form the foundation of who and what we are.

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 Group to achieve its fullest potential.





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Corporate Profile

Cordlife Group Limited (“Cordlife”, together with its subsidiaries, the “Group”) is a consumer healthcare company catering to the mother and child segment.

15 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 the Mainboard of Singapore Exchange Trading Limited (“SGX-ST”) in 2012, the Group is one of the pioneers in the cord blood banking industry in Asia.

EMBEDDING CORDLIFE’S FOOTPRINTS IN ASIA

Cordlife is amongst the leading players for private cord blood banking services in all the markets it operates in, namely Singapore, Hong Kong, Malaysia, India, Indonesia and the Philippines. 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 15 years, Cordlife has dedicated its undertakings to achieve market leadership in the industry. Having built a distinguished brand name, 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 the Group has in place a strong foundation for future expansion.

LEADING THROUGH THE CORDLIFE BRAND

The Group understands a unique and memorable brand will help to create a long-term and sustainable 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 educational 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 as well as the need for early screening of metabolic disorders in newborns.



Cordlife’s belief in delivering quality product and services continues to hold strong as one of the Group’s values and its promise to clients by aiming to have all facilities accredited by AABB, FACT-Netcord or ISO. The Group is also one of the first private cord blood banks in Asia to release cord blood units for transplants, and for the treatment of cerebral palsy as well as for other therapeutic uses. As of June 2016, Cordlife Group and subsidiaries have released over 500 stem cell units that were used successfully to support transplants and therapies.

EXPANDING THE RANGE OF PRODUCTS AND SERVICES FOR THE MOTHER AND CHILD SEGMENT

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 November 2009 for India market and subsequently in March 2011 for Hong Kong market. 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 Indonesia and Malaysia. The Group also sub-licensed the service to China Cord Blood Corporation (“CCBC”), the largest cord blood bank operator in China.

Buoyed by positive responses for its cord blood banking and cord lining banking businesses, Cordlife continued its focus on developing the scope of complementary offerings. The first diagnostics service launched was Metascreen, an advanced Non-Invasive Metabolic Screening test for newborn babies. Metascreen was first launched in India in 2013 and subsequently in Hong Kong, the Philippines and Indonesia in 2014. Thereafter, the Group also launched a Non-Invasive Prenatal Testing service, which analyses foetal DNA in a mother’s blood to screen for foetal chromosomal abnormalities and Eyescreen, which enables the early detection of vision problems in children.

COMMITMENT TO HIGH QUALITY STANDARDS

By placing emphasis on quality, Cordlife has grown to become a dominant private cord blood bank operator in Asia. Accreditation and certification of its quality system by external quality bodies help give families and physicians 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 Hong Kong, India and Singapore 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. In November 2015, Cordlife Singapore achieved accreditation by FACT-Netcord, making it one of only six cord blood banks in the world to achieve accreditations from both AABB and FACT-Netcord simultaneously.

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, 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 investor relations front, Cordlife’s efforts have earned them the Runner-up position for the 16th SIAS Investors’ Choice Award at the Singapore Corporate Governance Award (SCGA) 2015 under the Mid and Small Category. They also received 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 business aspect, Cordlife was selected from 17,000 companies in Asia and named as one of the Best “Under A Billion” companies by Forbes Asia in 2015. Other recent accolades awarded to Cordlife by the industry comprise “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 Favourite 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 Favourite Cord Blood”.

Firsts of Cordlife



2001

- First private cord blood bank in Singapore.
- First private cord blood bank to adopt multiple compartment cryobag with integral segments in Singapore.

2002

- First in Singapore to release a privately banked cord blood unit to support a sibling transplant for the treatment of leukaemia.

2005

- First cord blood bank to be AABB accredited in Southeast Asia.
- First Singapore-based private cord blood bank to set up a cord blood processing and storage facility in Hong Kong.

2007

- First in Indonesia and India to set up cord blood processing and storage facilities.

2008

- First in Southeast Asia to invest in Sepax, a fully automated processing technology to recover more cells from cord blood.

2009

- Enabled the first-ever stem cell infusion for cerebral palsy treatment in Singapore with leading neurosurgeon Dr Keith Goh.

2010

- First in the Philippines to set up cord blood processing and storage facility.

2012

- First cord blood bank in Singapore to be listed on the Mainboard of SGX-ST.

2013

- First cord blood bank in Singapore to receive the Most Transparent Company Award (Retail & Household Category) from Securities Investors Association (Singapore) Choice Awards.
- First in Asia to upgrade to Sepax 2, an improved version of Sepax.
- First cord blood bank in Singapore and the Philippines to launch cord lining banking services.

2014

- First company in Hong Kong, Indonesia and the Philippines to offer urine-based newborn metabolic screening services.

2015

- First in Southeast Asia to be dual-accredited by world-class quality standards: AABB and FACT-Netcord.
- First in Singapore to win Frost & Sullivan Singapore Stem Cell Company of the Year Award.
- First Cord Blood Bank to be named as one of the Best "Under A Billion" Companies by Forbes Asia.

Chairman's Message

“Today, Cordlife has grown into a Pan-Asian company with operations across the region in six countries.”

DEAR VALUED SHAREHOLDERS,

On behalf of the Board of Directors of Cordlife Group Limited, it gives me great pleasure to present you our annual report for the financial year ended June 30, 2016 (“FY2016”).

During the year under review, the Group underwent several key events, which included the sale of our shares and convertible note in China Cord Blood Corporation (“CCBC”); increasing our stake in Malaysia’s first stem cell banking company, Stemlife Berhad (“Stemlife”), from 31.81% to 89.88%; and strengthening our executive management team with the appointment of a new Group Chief Executive Officer, Dr Wong Chiang Yin and Group Chief Operating Officer, Ms Tan Poh Lan.

From our humble beginnings, we are excited to mark our 15th year as a mother and child company in the consumer healthcare industry, which we are passionate about delivering quality service and improving our clients’ lives. Today, Cordlife has grown into a Pan-Asian company with operations across the region in six countries. We have the largest market share of private cord blood banks in Singapore, Malaysia, Indonesia and Philippines. In Hong Kong and India, we are amongst the top three players in the private cord blood banking industry.

We put our success down to our strong commitment to create value for all our shareholders and improve the quality of life for our clients with our products and services. As we proceed onto our next stage of growth, we continue to remain grounded in our core values to provide growth for our businesses.

Overall Performance of the Group in FY2016

For the year under review, we continued to deliver top line growth where our revenue increased 3.5% to S\$59.6 million and the Group recorded a net profit of S\$12.6 million.

“From our humble beginnings, we are excited to mark our 15th year as a mother and child company in the consumer healthcare industry, which we are passionate about delivering quality service and improving our clients’ lives.”



Chairman's Message

The Group also completed the sale of our CCBC shares and convertible note, and received early settlement of our loan to Magnum Opus International Holdings Limited ("Magnum Loan") during the year. The proceeds generated a cash flow of S\$215.5 million, which significantly strengthened our financial position.

Following the disposal of our CCBC shares and convertible note, we declared a special interim dividend of 13.0 cents per share, which was distributed to all shareholders on December 3, 2015. We also reduced our debt obligations by repurchasing S\$51.75 million of our fixed rate notes.

As at June 30, 2016, the Group had cash and cash equivalents, fixed deposits and short-term investments of S\$138.1 million, displaying excellent financial health and stability.

Growth Opportunities

Over the years, we have invested in brand-building initiatives to boost Cordlife's brand equity and to establish the Group as the trusted healthcare product and service provider for the mother and child segment. While brand equity is largely intangible, the value of a strong brand identity can help translate to measurable business benefits such as customer loyalty and expansion opportunities.

The cord blood and cord lining banking industry continues to offer tremendous growth opportunities on the back of increasing applications with stem cells. In addition, higher affluence is fuelling the demand for advanced healthcare products and services, which will continue to benefit our business.

The Group has successfully made inroads into India, Indonesia and Philippines, which are the top emerging markets that have been identified as the best middle



class potential with median income set to exceed US\$10,000 (in constant 2014 prices) per household in 2030¹, according to Euromonitor International. The rise in the middle class in these countries have buoyant demand for good quality healthcare services, leading to a double-digit growth in private expenditures on healthcare over the past few years.² Specifically, the cord blood banking service market in densely populated emerging countries of Asia Pacific are anticipated to show significant growth from 2015 to 2022, mainly driven by increasing investment by global players, governmental support and rising healthcare expenditure.³

Singapore, our core market, continues to make headway with the government's introduction of pro-family policies. In the 2016 fiscal budget, new measures including the Child Development Account (CDA) First Step Grant and new pilot initiative KidStart for young children who need support, were introduced to boost birth rates. Under the First Step Grant, parents of newborn babies will receive S\$3,000 upfront into their children's CDA while the KidStart Programme helps children up to six years old receive learning, developmental and health support. All these new initiatives will help draw our services closer to our target audience where the growth opportunities are.

¹ Top 5 Emerging Markets with the best middle class potential. Euromonitor International. <https://goo.gl/qzICTt>. Accessed on August 29, 2016.

² Riding a new wave. UBS Website. <https://goo.gl/UpwvoA>. Accessed on August 29, 2016.

³ Cord blood banking service market analysis by bank type (Public, Private, Revenue, Volume) and Segment Forecasts to 2022. Radiant Insights Market Research. <https://goo.gl/QDpaj2>. Accessed on August 29, 2016.



Moving forward, we continue to be on the lookout for the next break in other fast-growing markets to expand our geographical footprint as one of our key growth drivers while we remain on track to do what we do best for long-term business growth.

Enhancing Our Value Proposition

As part of our commitment to uphold quality, our facility in Singapore was accredited in December 2015 by FACT-Netcord, making us one out of the only six private cord blood banks in the world with double-accreditation status from AABB and FACT-Netcord. FACT-Netcord is universally recognised as one of the gold standards for cord blood banking. In October 2015, Cordlife was selected as Stem Cell Company of the Year in Singapore by Frost & Sullivan. We were also named as runner-up of the 16th SIAS Investors' Choice Award, Singapore Corporate Governance Award 2015, Mid and Small Category. The award was presented in recognition of our efforts to adopt best practices and holding ourselves up to the highest standards of corporate governance. In November 2015, we were named by Forbes Asia as one of the "Best under a Billion" companies. The award paid tribute to the entrepreneurial success of 200 best small and mid-sized public companies in Asia. We are humbled to receive these awards, which serve as a validation and affirmation of our business strategies and corporate values.

Next Phase of Growth

We will continue to build on our competitive strengths as the leading mother and child consumer healthcare company. We believe the appointment of new leadership, alongside their vast experience in the healthcare industry, has greatly strengthened our management team as well as widened our medical network, to take us to even greater heights.

Amidst the ever-changing healthcare landscape, it is important for us to stay united as a team and remain focused on our key growth strategies to drive expansion

in scale and scope. We will continue to innovate and increase our range of consumer healthcare products and services as well as continue to set footprints into the fastest growing Asian countries while staying entrenched in our existing markets. Backed by solid cash holdings, we are also on the lookout for new and accretive acquisitions to enhance our market leadership in the consumer healthcare industry.

Despite challenging market conditions, we have managed to stay the course. I believe the management team will steer Cordlife along the trajectory that we have set for ourselves.

Appreciation

I would like to take this opportunity to thank Mr Jeremy Yee, who had resigned on March 21, 2016, for his contributions to the Group over the years, as well as Mr Gary Xie and Mr Christopher Ho, who resigned on September 30, 2016 and October 4, 2016, respectively. On behalf of the Board, I wish them all the best.

Our continuing story of success is the culmination of support received from various stakeholders including our business associates as well as the management and staff. On behalf of the Board, I would also like to express my appreciation to all shareholders for giving us your continued support.

Lastly, I would like to thank the parents who have entrusted their babies' precious cord blood and cord lining with us and those who chose our diagnostics services. We will continue to push our limits to deliver high quality healthcare products and services to the market.

DR HO CHOON HOU

Chairman and Non-Executive Director

CEO's Message

“Over the years, we have established a strong and trusted healthcare brand and as a regional market leader in cord blood banking.”



DEAR VALUED SHAREHOLDERS,

Since the Group's listing in 2012, Cordlife has established a firm foundation for its business in the mother and child healthcare industry. Over the years, we have established a strong and trusted healthcare brand and as a regional market leader in cord blood banking. Our clients trust us to provide them with reliable consumer healthcare solutions and the Group's best practices are evidenced by our two world-class accreditation standards – AABB and FACT-Netcord.

Going forward, our immediate aim is to refocus the Company on achieving excellence in our core business activities. To this end, we want to drive organic growth through a “back to basics” approach.

Focus on Core Competencies

Firstly, we have to sharpen our focus on our existing businesses and our key strengths, competitive advantages and technical capabilities. The value of Cordlife to our clients lies in us being a trusted provider of consumer healthcare products and services, especially in the mother and child segment.

Regionally, we believe we have achieved excellence in terms of professionalism, technical expertise and reliability. These competitive advantages need to be continually reinforced through staff training and development. We also need to improve other key areas of competency such as marketing, customer service and product innovation.

Unlocking Network Value and Synergies

Through the years, we have established a wide and deep network of stakeholders and partners in the region. As a specific strategic thrust of the Group, we need to grow and nurture this network.

The intrinsic value of this vast network needs to be unlocked through wider and deeper engagement with our stakeholders and partners –

“The various key business strategies of the Group can only be executed successfully with a team that is anchored on the right values and beliefs with the right blend of experience, diversity and energy. I am happy to note that this team is largely in place and we are well poised to bring the Group forward.”



parents, doctors and other healthcare professionals and healthcare institutions. We need to understand their needs better, beyond cord blood banking and to create greater awareness within members of this network of the possibilities and potential of new products and services that benefit them.

Rationalise Business Operations

We have started rationalising various business operations to drive operational and cost efficiencies. One of the key changes implemented includes giving more autonomy and introducing new incentive plans to the country heads and key management of various markets to drive both top and bottom line growth.

Expansion in the Region

We continue to be on the lookout for new opportunities to expand our business both in scale and scope. We work towards expanding our presence in the Asian markets as we believe that there are still good growth opportunities in the region. Backed by a strong cash position, we are in an excellent position to explore potential mergers and acquisitions.

Strong Management Team

On April 12, 2016, the Company had announced the appointment of Ms Tan Poh Lan, who has 30 years of experience in the private and public healthcare sectors, as the Group Chief Operating Officer. She is a key

reinforcement to our team and she has the expertise, acumen and leadership skills to drive our Group to greater operational excellence.

Many of our key management team and staff have been with the Group for more than 10 years and I am happy to note that they remain deeply excited and passionate about the Group's businesses and future development.

The various key business strategies of the Group can only be executed successfully with a team that is anchored on the right values and beliefs with the right blend of experience, diversity and energy. I am happy to note that this team is largely in place and we are well poised to bring the Group forward.

Appreciation

FY2016 has been a busy year for the Group but much more remains to be done. On behalf of the Board of Directors, I would like to thank all our clients and business partners for their support, and our management and staff for their dedication and contribution. We also wish to express our sincere appreciation to you, our shareholders, for your faith in the Group as we forge ahead.

DR WONG CHIANG YIN

Executive Director and Group Chief Executive Officer

Financial and Operations Review

To achieve best-in-class quality assurance as we continue to grow our customer base and expand our regional operations, the Group invested more in training and development to augment the long-term effectiveness and efficiency of our employees, as well as an increased support base.

OVERVIEW

For FY2016, the Group recorded a profit before income tax of S\$13.3 million. Revenue for the year increased by 3.5% from S\$57.6 million in FY2015 to S\$59.6 million for FY2016, as a result of an increase in client deliveries by 8.8% to 22,956 in FY2016. Higher client deliveries during the year was driven by growth in the Group's key markets in Indonesia, India and the Philippines. This is attributed to a series of successful marketing efforts to raise brand awareness of the Group's cord blood and cord lining banking as well as diagnostics services. The growth is also due to the Group's increased stake in Malaysia's largest cord blood bank, Stemlife, from 31.81% to 89.88%.

In line with our commitment to provide quality assurance to our clients, there was an increase in the cost of quality and compliance in laboratory practices in the Group. As a result, gross profit decreased by 1.4% to S\$39.5 million and gross profit margin declined 3.3 percentage points to 66.2% during the year. Owing to our efforts in quality, Singapore achieved FACT accreditation in FY2016.

Other operating income increased by 26.9% as the Group received higher grant income from SPRING Singapore of approximately S\$232,000 for the Group's initiatives in employee training and development and investments in information technology infrastructure, as compared to a grant income of S\$37,000 in FY2015.

In FY2016, the Group recorded an overall higher selling and marketing expense of S\$1.4 million as compared to



FY2015. This was partly contributed by the consolidation of Stemlife, which accounted for approximately S\$894,000 of selling and marketing expenses.

During the year, the Group made inroads into more cities in Indonesia and the Philippines. Enlarged coverage in these countries, together with increased marketing efforts to promote greater customer awareness for our diagnostic services, led to an increase in expenditure of S\$1.1 million. The Group also continued to implement more educational marketing activities in Singapore and Hong Kong, which contributed an increase of approximately S\$1.7 million. Through such educational marketing activities in our key markets, there was greater engagement with potential clients and expanded awareness of our service offerings, resulting in increased client acquisitions.

The Group remains focused on the key strategies to gain market leadership across more Asian markets as well as to improve market penetration in the existing markets.

Increase in selling and marketing expenditure was offset by the decline in advertising expenses of S\$2.2 million in India as compared to FY2015 when the Group spent S\$1.2 million on television commercials as part of the Group's through-the-line integrated marketing plan.

The Group recorded 14.6% higher administrative expenses in the year compared to the previous year. This included one-off expenses in FY2016 of S\$407,000 and S\$318,000 in relation to the legal and professional

fees incurred for the take-over offer of Stemlife and the legal proceeding brought against Cryoviva Singapore Pte Ltd over intellectual property infringement respectively. In FY2016, the Group also provided for non-recurring service tax relating to customer contracts in prior years of S\$626,000 for Cordlife India. The Group also incurred additional directors' fees of S\$0.25 million for the accumulation of time spent by Non-Executive Directors in relation to Board and management changes in the year.

Depreciation of property, plant and equipment increased by S\$207,000 as the Group purchased additional laboratory equipment in India due to higher sales volume as well as depreciation expenses incurred by Stemlife. The Group also recognised intangible assets arising from the acquisition of Stemlife, which led to an increase in amortisation expenses by S\$335,000 in FY2016.

To achieve best-in-class quality assurance as we continue to grow our customer base and expand our regional operations, the Group invested more in training and development to augment the long-term effectiveness and efficiency of our employees, as well as an increased support base. This attributed to higher staff-related costs of approximately S\$1.3 million. The Group holds a strong belief in developing our people's technical and leadership skills so as to achieve excellence and improved productivity. In FY2016, the Group also incurred additional one-off expenses of S\$164,000 in consultancy fees relating to hiring costs and board effectiveness review. Stemlife also accounted for S\$1.5 million of the increase in administrative expenses.

As a result, profit before income tax from operations was S\$2.9 million in FY2016, as compared to S\$6.1 million in FY2015.

During the year, the Group also completed the sale of shares and a convertible note (the "Disposal") issued by CCBC of which the Group agreed to sell to Golden Meditech Holdings Limited ("Meditech") 7,314,015 ordinary shares of par value US\$0.0001 per share ("Sale Shares") in CCBC and a 7% senior unsecured convertible note ("Convertible Note") due October 3, 2017 issued by CCBC to the Company in the principal amount of US\$25,000,000.

The Group recorded a fair value gain on its investment in CCBC designated at fair value through profit or loss of S\$4.5 million and a fair value gain on derivative of approximately S\$2.5 million for FY2016. Upon completion of the Disposal, the Group also recognised a gain on the sale of the Sale Shares and Convertible Note of S\$151,000 and S\$5.0 million respectively. The Group incurred other expenses of S\$2.4 million, which comprised one-time employee bonuses in relation to the realised gains of the Sale Shares and the Convertible Note, as well as additional directors' fees for extra work put in and time spent by Non-Executive Directors in relation to the Disposal.

Overall, the Group recorded net profit of S\$12.6 million for FY2016. Net asset value per share as at June 30, 2016 was 51.19 cents compared to 62.46 cents as at June 30, 2015. The Group's balance sheet was strengthened significantly by the proceeds from the Disposal of S\$152.9 million, the repayment of the Magnum Loan of S\$62.6 million and interest received on Magnum Loan and the Convertible Note of S\$5.2 million. This was offset by a total dividend payout of approximately S\$36.3 million, in the form of a special interim dividend of 13.0 cents per share to all shareholders on December 3, 2015, the Group's repurchase of Notes of S\$52.9 million to deleverage the financial position of the Company and its acquisition of shares in Stemlife.

On February 1, 2016, the Group also announced that it acquired a convertible bond and equity interest in CellResearch Corporation Pte. Ltd. ("CRC") of S\$8.4 million. CRC entered into a Services and Research Collaboration Agreement with the University of Colorado School of Medicine and ClinImmune Labs in June 2015 with the aim to reach a point where they can embark on US FDA approved trials for the treatment of diabetic wounds using cord lining stem cells. This will significantly enhance the value proposition of Cordlife's cord lining banking service in its existing markets. CRC also has a cosmeceutical line called CALECIM, which is now distributed in 9 countries, including USA, Korea and Taiwan.

As at June 30, 2016, the Group has cash and cash equivalents, fixed deposits and short term investments of S\$138.1 million. With a strong financial standing, the Group is poised to drive growth in core businesses and explore potential mergers and acquisitions to expand its scope of services and offerings in the coming financial year.

Financial and Operations Review

MARKET UPDATES



SINGAPORE

As educational awareness has a huge impact on market penetration, our team in Singapore (“Cordlife Singapore”) launched an integrated brand campaign to engage prospective clients through traditional and digital media platforms. In May 2016, the team also invited leading experts in the stem cell research and regenerative medicine field from the United States to speak at a continuing medical education conference organised in partnership with the Obstetrical and Gynaecological Society, Singapore. The aim of the conference was to keep doctors in Singapore and around Asia abreast on the latest advancements in this rapidly expanding field of regenerative medicine.

In December 2015, the team successfully achieved accreditation by FACT-Netcord, a gold standard for cord blood banking. This places them amongst only six cord blood banks in the world to achieve accreditations by both FACT-Netcord and AABB.

In line with the Group’s efforts to achieve economies of scope, Cordlife Singapore started to actively promote their new diagnostics services including non-invasive prenatal testing (“NIPT”) and eye screening service (“Eyescreen”) in FY2016. These services were marketed through their existing marketing channels as well as to existing cord blood and cord lining banking clients.



MALAYSIA

During the year under review, the Group increased its interest in Stemlife Berhad, from an initial 31.81% to 89.88%, and consolidated Stemlife as a subsidiary on December 7, 2015. Stemlife accounted for S\$3.5 million of the increase in the Group’s revenue. The greater control of Stemlife allows the Group to achieve higher earnings as a result of increasing its penetration in the Malaysian market amidst the growing demand for healthcare services in the Asia Pacific region.

Since becoming a subsidiary, Stemlife has implemented several initiatives to reap greater cost efficiencies through economies of scale by aligning with the Group’s practices. One such initiative includes the switch of their automated cord blood processing system to Sepax 2, a technology used by the Group since 2008. Stemlife also introduced a new cord blood and cord tissue bundle service during the year to increase their market competitiveness and to increase average revenue per client.



HONG KONG

In FY2016, our team in Hong Kong (“Cordlife Hong Kong”) intensified their marketing efforts to raise awareness through seminars, antenatal classes and exposition events in both Hong Kong and Macau. In response to shifting consumers’ media consumption behaviours, Cordlife Hong Kong further entrenched their brand presence on digital platforms by leveraging on the latest digital marketing techniques to drive information and create demand for their services. During the year, Cordlife Hong Kong relocated its corporate office from Hong Kong Science and Technology Park (“Science Park”) to Kowloon Bay area to achieve cost rationalisation. Their stem cell processing and cryopreservation storage facility as well as diagnostics laboratory continued to remain in Science Park to maintain market competitiveness.

On quality front, Cordlife Hong Kong successfully passed an on-site inspection conducted by a team of external quality assessors from AABB in January 2016. This was the third time Cordlife Hong Kong passed the inspection since their achievement of AABB accreditation in 2011.



INDIA

In India, the team (“Cordlife India”) continued to expand their operations in the country rapidly in order to extend their reach to more families. The aim is to cater to the growing demand from the burgeoning middle class families that are increasingly aware of the need for pre-emptive healthcare.

Cordlife India also ramped up brand awareness through various marketing initiatives including holding hospital antenatal programs in the North, South and East regions, including Mumbai. These antenatal programs allowed the team to engage expectant mothers on a more intimate level and provided the opportunity to inform these mothers on the benefits of the products and services offered by Cordlife. As part of the Group’s brand strategy to enhance our professional brand image, Cordlife India actively engaged key obstetrics and gynaecology specialists to speak at many consumer events. During the year, the team also refined their digital marketing strategy to improve the digital touch points with existing and prospective clients. These initiatives include the development of a Cordlife mobile app to offer general pregnancy tips as well as the latest news and promotions offered by Cordlife India.



INDONESIA

The team in Indonesia (“Cordlife Indonesia”) continued to widen their geographical presence in the existing markets. In October 2015, Cordlife Indonesia expanded their operations into Sumatra and opened a branch office in Medan to serve the locals as well as the communities in neighbouring Batam and Palembang cities. The expansion complements Cordlife Indonesia’s existing operations in Indonesia, which include three offices in the Java Island, with the main office and laboratory facility based in Jakarta and another two branch offices located in Surabaya and Bandung.

Cordlife Indonesia also added NIPT to their service offerings to increase revenue. As part of their market penetration strategy to accelerate brand awareness, Cordlife Indonesia marketed through their existing market channels initially and then reached out to key opinion leaders by engaging them during events such as Birth Defect Centre Workshop. As at June 2016, NIPT was successfully made available in 13 key hospitals in Jakarta, Surabaya and Bandung.

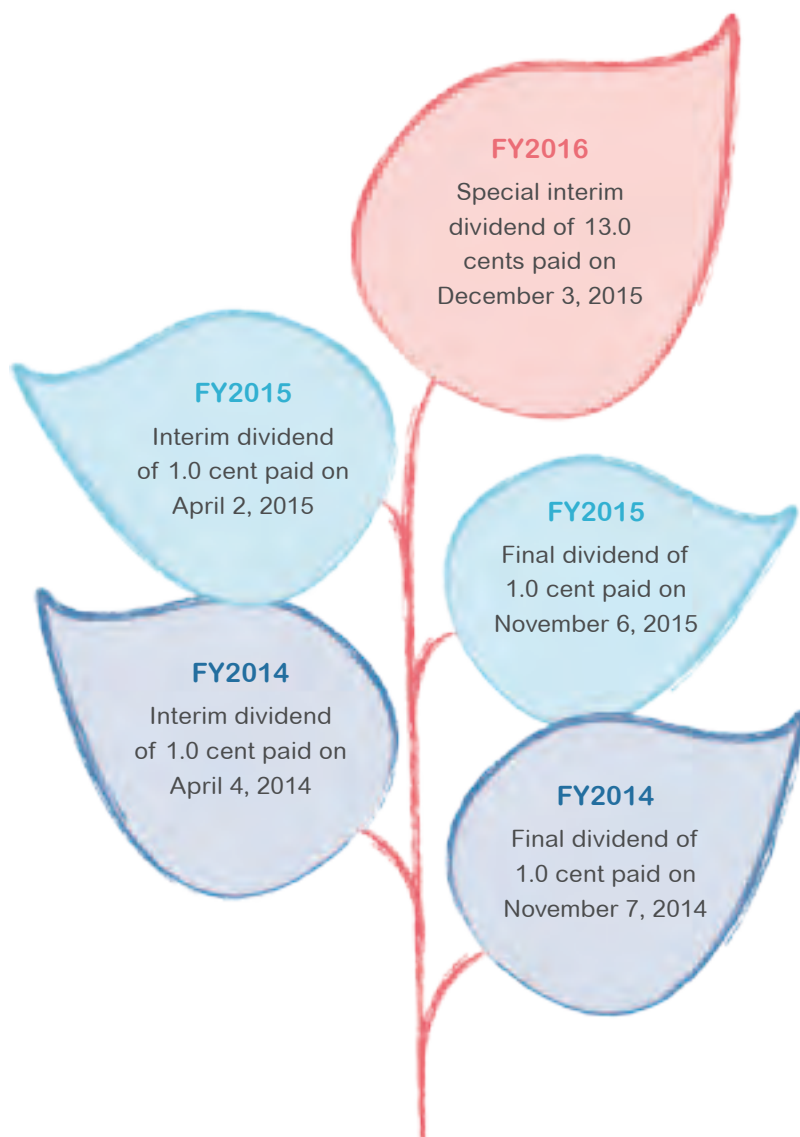


PHILIPPINES

Over in the Philippines, the team (“Cordlife Philippines”) made headway with the opening of a branch office in Cebu - our first step outside of Manila, strengthening our nationwide footprint. Cebu is the second largest metropolis in Philippines and also the economic hub of Southern Philippines. Housed in an upscale commercial centre, the new Cebu office is strategically located within close proximity to the two largest hospitals in the province as a gateway to reach out to more potential clients.

Targeted marketing efforts such as leveraging on our strong relationships with key obstetrics and gynaecology specialists in the Philippines and engaging our existing and prospective client base for referrals, have gained good traction. In turn, this led to an increase in the sales of the Group’s higher value banking plans and NIPT in recent months. Aligned to the Group’s ongoing efforts to increase awareness of our banking and diagnostics services, Cordlife presented information on cord blood and cord lining banking as well as NIPT services at one of the most important medical conferences in the region, the Chong Hua Hospital OBGYN Post-Graduate Course.

Financial Highlights



	2014	2015	2016
Revenue (S\$'000)	49.1	57.6	59.6
Gross profit (S\$'000)	34.9	40.0	39.5
Profit before income tax from operations (S\$'000)	9.1	6.1	2.9
Net Profit (S\$'000)	30.4	32.1	12.6
Net asset value per share (cents)	53.5	62.5	51.2
Cash and cash equivalents, short term investments and fixed deposits (S\$'000)	45.4	29.2	138.1

Products and Services Spotlight: Cord Blood Banking



Cord Blood Banking: An Essential Healthcare that Every Family Needs

Blood from the umbilical cord is one of the most easily harvested sources of stem cells, which can be quickly and painlessly collected at birth and frozen for future medical use. Cord blood, also called “placental blood”, is blood that remains in the umbilical cord and placenta following the birth of a baby and after the umbilical cord is cut post delivery. This blood 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 an effective substitute for bone marrow.

Stem cells from cord blood are not only a perfect match for the baby but they are also readily available for the siblings of the child. A recent study projected that as many as 1 in 217 persons may need to undergo either allogeneic or autologous stem cell transplantation.¹

With privately stored cord blood, the individual has full access to his/her own stem cells when needed. In case another member within the family requires these cells, the chance of a match is as high as 75%. Furthermore, survival rate doubles when the patient receives stem cells from a related donor as opposed to an unrelated donor.²

Scientists believe the true potential of cord blood has yet to be fully tapped and can be extended to include some neurological disorders such as autism and cerebral palsy. Notable clinical trials involving stem cells are underway for many other conditions and all around the world, researchers continue to explore new avenues for regenerative medicine with stem cells.

¹ Nietfeld JJ, Pasquini MC, Logan BR, Verter F, Horowitz MM. Lifetime probabilities of hematopoietic stem cell transplantation in the U.S *Biology of Blood and Marrow Transplantation*. 2008;14:316-322

² Gluckman et al., *N Engl J Med*. 1989;321:1174-1178

Products and Services Spotlight: Cord Lining Banking

Cord Lining Banking and Cord Tissue Banking: Giving More Medical Options for Families

Umbilical cord is the connecting cord from the developing embryo or foetus to the placenta, which allows blood to carry oxygen and nutrition to the baby in the womb. Traditionally, even after private banking of cord blood was made commercially available, the umbilical cord was discarded along with the placenta after the birth of a newborn. In recent years, however, the umbilical cord has been discovered to contain high concentration of stem cells, making it a valuable source of cells for cellular therapy and regenerative medicine.

Other than containing cord blood, the umbilical cord is made up of 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 only contains one type of stem cells known as Mesenchymal stem cells ("MSCs"), cord lining contains two types of stem cells including MSCs and Epithelial stem cells ("EpSCs"). MSCs and EpSCs are currently being evaluated in more than 400 clinical trials for the treatment of medical conditions that have limited treatment options today including heart disease, stroke, spinal cord injury, corneal repair as well as wound healing such as burns and diabetic ulcers.

Cord lining banking is made available to all existing and prospective clients of Cordlife in Asia through an exclusive licensing agreement with a subsidiary of CRC. CRC is founded by a team of Singapore experts including an award-winning doctor and a scientist from Singapore who both made significant inroads in the world with their discovery of stem cells from cord lining. This revolutionary discovery subsequently led the team to receiving patent protection in 39 territories around the world. These patents prohibit other companies from harvesting stem cells from cord lining.

Cordlife also offers cord tissue banking as an alternative to cord lining banking. Cord tissue banking essentially is the banking of Wharton's jelly as a lower cost option to cater to the mass audience.



Products and Services Spotlight: Non-Invasive Prenatal Testing



Non-Invasive Prenatal Testing: Screening for foetal chromosomal abnormalities

Cordlife works with INEX, a Singapore company to distribute its IGENE non-invasive prenatal testing service ("NIPT"). NIPT is a relatively new type of screening test done during pregnancy that analyses foetal DNA in the mother's blood for foetal chromosomal abnormalities including Down Syndrome, Edwards Syndrome and Patau Syndrome. This service has superior clinical performance and has higher accuracy rate than NIPT offered by other service providers.

Although the chance of having a baby chromosomal abnormality increases with age, having an affected foetus may also happen to mothers of any age. The incidence of chromosomal abnormalities, excluding sex chromosomal aneuploidies, can be as high as one in 160 live births.³ This simple blood test means lesser anxiety for an expectant mother, father and the whole family. The availability of NIPT has significantly reduced the number of invasive diagnostic tests, such as amniocentesis and chorionic villus sampling, which carry a risk of miscarriage of about 1 in 100.⁴

³ Jiang F, et al. BMC Medical Genomics, 2012 Dec;5:57. doi:10.1186/1755-8794-5-57

⁴ Amniocentesis. Patient Info. goo.gl/1pUX78. Accessed on Aug 29, 2016

Products and Services Spotlight:

Non-Invasive Newborn Metabolic Screening



Metascreen: a Comprehensive Metabolic Screening Test for Newborn Babies

Metascreen is a marketing trademark of Cordlife (Hong Kong) Limited and is a comprehensive non-invasive metabolic screening test for newborn babies. About 1 in every 1,250 babies is expected to be born with a metabolic disorder.⁵ Babies with such disorders lack enzymes to maintain normal metabolic functions, resulting in a build-up of toxic substances or deficiency of critical substances. Though rare, if left untreated, metabolic disorders can cause serious developmental issues and lifelong complications such as mental retardation, physical disability and in some instances, death.

Metascreen is a highly accurate newborn screening test, as it combines the use of US FDA approved Gas Chromatography-Mass Spectrometry coupled with proprietary Planar Diagnostic Tool to detect up to 106 metabolic disorders. Unlike traditional newborn metabolic screening tests that use blood as test specimens, Metascreen utilises urine specimens for testing. In metabolic biochemistry, the human body has complex homeostatic mechanisms, which rapidly excrete redundant or toxic compounds that exceed the body's desired levels. These compounds do not increase significantly in blood but are excreted in large amounts into urine. This makes urine an effective test specimen for the detection of metabolic disorders.

⁵ This cumulative incidence rate is based on Meta100+ panel of metabolic disorders.

Products and Services Spotlight: Eyescreen

Eyescreen: Safeguarding your Child's Window to the World

Singapore is said to be the myopia capital of the world. According to the latest Singapore Health Promotion Board figures released in 2011, about 16% of preschool children are short-sighted, a 7% increase from 2009.⁶ Studies also showed that approximately 33% of the five-year-olds in Singapore are myopic and the percentage increases to 80% in 18-year-olds.

Eyescreen is a marketing trademark of Cordlife Technologies Pte. Ltd. and is a safe and non-invasive paediatric eye screening. The test can detect up to 11 eye conditions such as Myopia (short-sightedness), Strabismus (crossed eyes) and Amblyopia (lazy eye) in children as early as 6 months to 6 years old. The service, administered by a certified optometrist and endorsed by a Senior Consultant Paediatric Ophthalmologist, is currently available at the Cordlife's flagship store in Singapore at Mount Elizabeth Novena Hospital. As the results from Eyescreen are almost available instantaneously, effective treatment for children identified with eye problems can be administered early. This meets the recommendation from the American Academy of Paediatrics that considered timely vision screening as being essential in infancy and childhood for the early detection and treatment of eye problems.



⁶ Astigmatism 'common' in kids with vision problems, Saturday (Oct 25, 2014). The Straits Times

Accreditations and Certifications

AABB



FACT



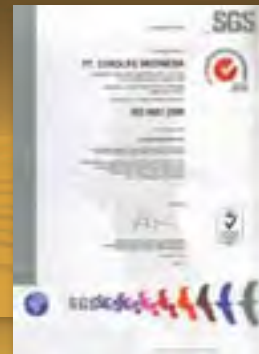
Good
Distribution
Practice for
Medical Device

Singapore



ISO
9001:2008

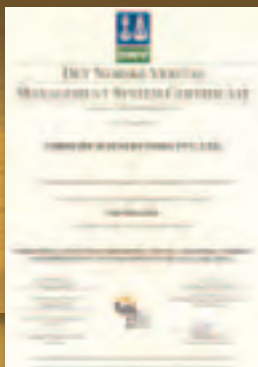
AABB



ISO
9001:2008

Hong Kong

Indonesia



ISO
9001:2008

AABB

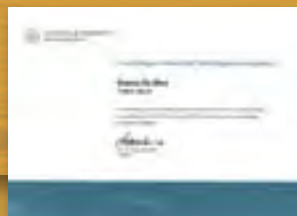


ISO
9001:2008

India

Philippines

College of American
Pathologists



ISO 15189

Malaysia

Corporate Social Responsibility

Over the years, Cordlife has been actively supporting charitable and volunteering activities as we believe corporate social responsibility can be productively coupled with sound strategies to advance goodwill while building a sustainable business.

While Cordlife takes pride in being a proactive educator and promoter to encourage public health awareness in the society, the Group also believes in giving back to the society. Wherever Cordlife operates, we make a conscious effort to create a positive impact to the community. The spirit of giving is well embraced by the Group and is an integral part of the corporate culture.

Over the years, Cordlife has been actively supporting charitable and volunteering activities as we believe corporate social responsibility can be productively coupled with sound strategies to advance goodwill while building a sustainable business.

National Day Celebration at AWWA School in Singapore

On August 8, 2016, Cordlife participated in an event organised by AWWA, which was held in conjunction with Singapore's 51st National Day celebration. AWWA is a local non-profit organisation offering community-based programmes and services to families, elderly, children and young people since 1970. The AWWA School serves students with special needs and aims to provide these students with education and support services in a holistic and nurturing environment. During the event, our employees assisted in the packing and distribution of goody bags to children with disabilities. Such volunteering activities helped to reinforce the spirit of giving within the organisation as we seek to contribute further to the betterment of our local communities.



Cordlife-Jalan Kayu Preschool Head-Start Fund in Singapore

The Cordlife-Jalan Kayu Preschool Head-Start Fund was established in 2015 to help children from needy families living in the Jalan Kayu community receive pre-school education. Officially launched by Singapore Prime Minister Mr Lee Hsien Loong, Cordlife pledged a donation of S\$50,000 per annum for three years until 2017. We strongly believe preschool education can help these needy children have an equal head-start in their learning journey.

#ScreenForACause Campaign in Philippines

In collaboration with two local paediatric government hospitals; National Children's Hospital and Philippines Children's Medical Centre, the Group launched **#ScreenForACause**, our first ever corporate social responsibility campaign with Metascreen services. As a consumer healthcare company, we have a deep interest in the well-being of every individual's health. We recognise there are many families who are challenged to provide basic healthcare to their children. Through **#ScreenForACause**, these underprivileged families were given fully subsidised comprehensive metabolic screening tests for newborns and babies up to six months old.

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 a Principal at Southern Capital Group Limited where he is responsible for the origination and execution of investments.

Dr Ho is an Independent Director of both Advanced Holdings Limited and Mclean Berhad, and the Non-Independent Non-Executive Director and Chairman of

Stemlife Berhad, a subsidiary of Cordlife Group Limited.

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 and a Master of Business Administration (Honours) from the University of Chicago (Graduate School of Business).



DR WONG CHIANG YIN
Executive Director and
Group Chief Executive Officer

Dr Wong Chiang Yin was appointed as Executive Director and Group Chief Executive Officer of the Company on July 1, 2016. As Executive Director and Group Chief Executive Officer, Dr Wong 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.

Dr Wong is a medical doctor as well as a public health specialist who has more than 20 years of healthcare management experience. Dr Wong was most recently the Executive Director and Group CEO of TMC Life Sciences Bhd., a healthcare company listed on the mainboard of Bursa (i.e. the Malaysia Stock Exchange). He was concurrently the President of Thomson International, the international arm of Thomson Medical Centre - Singapore's largest private sector obstetrics and gynaecology hospital.

Between 2008 and 2009, Dr Wong was the Executive Director and CEO of the Hospitals Division in Pantai Holdings Berhad. Prior to joining the private sector in 2008, he was the Chief Operating Officer

of Changi General Hospital and Singapore General Hospital, as well as the Director of Business Development, SingHealth. Dr Wong has held, and still holds, leadership positions in various medical professional bodies. He has been a council member of the Singapore Medical Association for over 20 years, and served as its President from 2006 to 2009. He has also been a council member of the Academy of Medicine Singapore since 2009.

Dr Wong is currently an Independent Director of Beng Kuang Marine Limited, a company listed on the Singapore Exchange and the Chairman of its Audit Committee. He is the Chairman of the Citizens' Consultative Committee of the Holland-Bukit Timah Group Representation Constituency, Cashew Division.

Dr Wong graduated with a Bachelor of Medicine and Bachelor of Surgery degree, as well as a Master of Medicine (Public Health) from the National University of Singapore. In addition, he received his Master of Business Administration (Finance) from the University of Leicester. He is also a Fellow of the Academy of Medicine, Singapore.



MS TAN POH LAN
Executive Director and
Group Chief Operating
Officer

Ms Tan Poh Lan was appointed as the Executive Director and Group Chief Operating Officer of the Company on April 12, 2016.

Ms Tan has 30 years of extensive experience in the private and public healthcare sectors. She was most recently Chief Executive Officer of Fortis Healthcare Singapore where she successfully aligned and integrated the businesses of Fortis Colorectal Hospital & Radlink, an outpatient imaging centre with a cyclotron and 3 general practitioner clinics, and established a Public-Private

Partnership model with some government hospitals. Ms Tan was also formerly, the Chief Executive Officer of Gleneagles Hospital in Singapore from April 2008 to September 2011. Prior to this, she assumed the position of the Chief Executive Officer for Vinmec International Hospital in Hanoi, Vietnam and Parkway East Hospital (formerly East Shore Hospital).

Ms Tan holds a Master of Business Administration from National University of Singapore and graduated with Honours in Occupational Therapy from University of Queensland, Australia.



MR HO SHENG
Lead Independent Director

Mr Ho Sheng was first appointed as a Director of the Company in July 2011 and was last re-elected on October 16, 2015.

Mr Ho has more than 25 years' experience in the financial services industry. He was the Independent Director at Ying Li International Real Estate Limited and 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, a company listed on Singapore Exchange.

Mr Ho holds a Master of Applied Finance 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.

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, technology and healthcare 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.



**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 and was last re-elected on October 17, 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 net worth 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 and was last re-elected on October 17, 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 Catalyst-listed Jason Marine

Group Limited, and also Chairman and Independent Director of SGX-ST Catalyst-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.

Board of Directors



**MR CHEN BING CHUEN
ALBERT**
Non-Executive Director

Mr Albert Chen was appointed as a Non-independent Non-executive Director of the Company on April 29, 2016. Currently, Mr Chen serves as Chief Financial Officer and Director of NYSE-listed China Cord Blood Corporation (“CCBC”). He is in charge of CCBC’s finance-related matters, including accounting and budget planning. He is also involved in CCBC’s corporate structuring and development, including mergers and acquisitions, and investment in foreign healthcare companies. Mr Chen played an important role in the acquisition of Nuoya (“Guangdong Province Cord Blood Bank”) and investments in Cordlife (“Life Corporation Limited and Cordlife Group Limited”). He had served as the corporate finance vice president of Golden Meditech Holdings Limited (“Golden Meditech”) since March 2005. Prior to joining Golden Meditech, Mr Chen worked in a number of financial institutions, including Salomon Smith Barney, DBS Vickers Securities and UOB Kay Hian in Hong Kong. During his employment as an analyst in UOB Kay Hian from 2003 to March 2005, he was a senior analyst specialising in the pharmaceutical and healthcare industries and was ranked as one of the best analysts for small cap companies in the region in a poll conducted by Asia Money among brokers in 2003.

Mr Chen is a CFA charterholder. He received his Bachelor’s degree in Commerce from Queen’s University, Canada, School of Business in 1999 with a major in Finance and Accounting.



MR HU MINGLIE
Non-Executive Director

Mr Hu Minglie was appointed as a Non-independent Non-executive Director of the Company on April 29, 2016. He is currently an Executive Director and Chief Executive Officer of the Hong Kong Stock Exchange listed Xingye Copper International Group Limited. Mr Hu is the founding partner and chairman of Lighthouse Capital Management LLC (the “Lighthouse Capital”), an equity investment fund management company established in Mainland China and in the same period, he had been the partner of Tianjin Raystone Taihe Fund Management LLP, another equity investment fund management company established in Mainland China, for more than four years. During his tenure at Lighthouse Capital, he was responsible for the structuring and management of two funds with assets under management of over RMB300 million. The funds invested in more than 20 growth oriented projects in China and overseas, which were mainly medical, equipment and mobile internet projects. Mr Hu has also actively participated in the charity activities in Mainland China and Hong Kong, and is the director of Cixi Xingye Xi Yang Hong Charitable Foundation and Si Ming Care for Aged and Children Charitable Foundation Limited.

Mr Hu graduated from the University of Arizona with a master degree in Optical Science Engineering, and has received a MBA degree from Anderson Management School of UCLA.

Ms Wang Taiyang was appointed as a Non-independent Non-executive Director of the Company on April 29, 2016. Currently, she is the Director of Kunlum Investment Holdings Ltd. Prior to this, she was the Managing Director at Fulford Global Limited. Her past experiences include investor relations and maintaining high standards of corporate governance.

Ms Wang obtained her Master of Science in Media and Communications from the London School of Economics in 2009. She also holds a Bachelor of Arts in Liberal Studies from Waseda University and a Bachelor of Arts in Communications from Fudan University.

Ms Wang Taiyang was appointed as a Non-independent Non-executive Director of the Company on April 29, 2016. Currently, she is the Director of Kunlum Investment Holdings Ltd. Prior to this, she was the Managing Director at Fulford Global Limited. Her past experiences include investor relations and maintaining high standards of corporate governance.

MS WANG TAIYANG*

Non-Executive Director

*Ms Wang’s photo was not available at the time of printing.

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.

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.



**MS JAMIE WOON
GEOK PENG**
Group Director,
Brand Development and
Innovation

Ms Jamie Woon is responsible for the planning, developing and implementing the Group’s marketing strategies, marketing communications and public relations activities. Her job scope also includes identifying and developing new products and services for the Group.

Ms Woon was previously the Business Unit Director, Banking, from July 2014 to July 2016, where she was responsible for the strategic and operational aspects of the Group’s businesses and oversees all of Cordlife’s banking businesses. She was involved in identifying and implementing group-wide business growth strategies, strategising 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 Cordlife Limited (now known as LCL) in October 2006 as Regional Marketing Manager.

Prior to joining LCL, Ms Woon was the Country Marketing Manager of Singapore and Malaysia at California Fitness and the Head of Communications Centre at National Kidney Foundation.

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
Group Director,
Quality and Operations

Ms Tan Huiying is responsible for setting and maintaining Group quality standards in service and product offerings as well as standardising key laboratory and operational systems, applications and processes across the Group.

She was previously the Business Unit Director, Diagnostics from January 2014 to July 2016. Her responsibilities included developing and implementing growth and product strategies for the Group’s relatively new diagnostics business to meet financial and non-financial goals.

She joined LCL as Business Development/ Technical Executive in June 2006, where she was involved in 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 including Director of Philippines.

Ms Tan 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 also graduated with a Bachelor of Science (Honours) degree in Life Sciences from National University of Singapore. Ms Tan is currently a non-practising member of Institute of Singapore Chartered Accountants since June 2013.

Group Structure



Corporate Information

BOARD OF DIRECTORS

Dr Ho Choon Hou

Chairman and Non-Executive Director

Dr Wong Chiang Yin

*Executive Director and Group Chief Executive Officer
(Appointed on July 1, 2016)*

Mr Yee Pinh Jeremy

*Executive Director and Chief Executive Officer
(Resigned on March 21, 2016)*

Ms Tan Poh Lan

*Executive Director and Group Chief Operating Officer
(Appointed on April 12, 2016)*

Mr Ho Sheng

Lead Independent Director

Dr Goh Jin Hian

Independent Director

Mr Joseph Wong Wai Leung

Independent Director

Mrs Eileen Tay-Tan Bee Kiew

Independent Director

Mr Ho Han Siong Christopher

*Non-Executive Director
(Appointed on April 29, 2016)
(Resigned on October 4, 2016)*

Mr Gary Xie Guojun

*Non-Executive Director
(Appointed on April 29, 2016)
(Resigned on September 30, 2016)*

Mr Chen Bing Chuen Albert

*Non-Executive Director
(Appointed on April 29, 2016)*

Ms Wang Taiyang

*Non-Executive Director
(Appointed on April 29, 2016)*

Mr Hu Minglie

*Non-Executive Director
(Appointed on April 29, 2016)*

COMPANY SECRETARY

Ms Ang Siew Koon, ACIS

REGISTERED OFFICE

1 Yishun Industrial Street 1
A'Posh Bizhub, #06-01/09
Singapore 768160
www.cordlife.com

REGISTRATION NUMBER

200102883E

SHARE REGISTRAR AND SHARE TRANSFER OFFICE

Tricor Barbinder Share Registration Services
80 Robinsons Road
#02-00
Singapore 068898

INDEPENDENT AUDITORS

Ernst & Young LLP

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

WongPartnership LLP

12 Marina Boulevard Level 28
Marina Bay Financial Centre Tower 3
Singapore 018982

BANKERS

DBS Bank Ltd
Malayan Banking Berhad
Bank of East Asia
First Gulf Bank PJSC, Singapore

INVESTOR RELATIONS

Mr Kamal Samuel / Mr Ngo Yit Sung

Financial PR Pte Ltd
No. 4 Robinsons 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 stakeholders.

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 2016 (“FY2016”). This Corporate Governance Report (the “Report”) describes the Group’s corporate governance practices and sets out the manner in which the Group has applied the principles and the extent of compliance with the guidelines as set out in the Code, and where applicable, the Listing Manual of the Singapore Exchange Securities Trading Limited (“SGX-ST”) (the “Listing Manual”). Where there have been deviations from the Code, appropriate explanations have been provided in this Report.

In the opinion of the Board of the Directors of the Company (each a “Director”, and collectively the “Board” or “Directors”), the Company has generally complied with all of the provisions set out in the Code for FY2016.

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 Constitution of the Company provides that the Directors may convene meetings by way of telephone conference, video conference, audio visual or similar means. When a physical Board meeting is not possible, timely communication with members of the Board is achieved through electronic means and the circulation of written resolutions for approval by the relevant members of the Board or Board committees.

To assist in the execution of its responsibilities and to 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.
Dr Wong Chiang Yin	Executive Director and Group Chief Executive Officer	N.A.	N.A.	N.A.	N.A.
Tan Poh Lan	Executive Director and Group Chief Operating Officer	N.A.	N.A.	N.A.	N.A.
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	N.A.	Member	N.A.
Joseph Wong Wai Leung	Independent Director	Member	Member	N.A.	Chairman
Chen Bing Chuen Albert	Non-Executive Director	Member	N.A.	N.A.	N.A.
Wang Taiyang	Non-Executive Director	N.A.	N.A.	N.A.	Member
Hu Minglie	Non-Executive Director	N.A.	N.A.	Member	N.A.

In FY2016, a total of 10 Board meetings were held. The table below shows the attendance of the Directors at the Board and respective Board Committee meetings in respect of FY2016⁽¹⁾:

Name of Director	Board	Audit Committee	Remuneration Committee	Nominating Committee	Board Risk Committee
	No. of meetings attended	No. of meetings attended	No. of meetings attended	No. of meetings attended	No. of meetings attended
Dr Ho Choon Hou	10/10	4/4	N.A.	N.A.	N.A.
Dr Wong Chiang Yin ⁽²⁾	N.A.	N.A.	N.A.	N.A.	N.A.
Tan Poh Lan ⁽³⁾	2/3 ⁽¹⁰⁾	N.A.	N.A.	N.A.	N.A.
Ho Sheng	9/10	4/4	N.A.	5/5	N.A.
Dr Goh Jin Hian	10/10	N.A.	5/5	5/5	1/1
Eileen Tay-Tan Bee Kiew	10/10	4/4	N.A.	5/5	N.A.
Joseph Wong Wai Leung	10/10	1/1	5/5	N.A.	1/1
Gary Xie Guojun ⁽⁴⁾	2/2	N.A.	1/1	N.A.	N.A.
Ho Han Siong Christopher ⁽⁵⁾	2/2	N.A.	N.A.	1/1	N.A.
Chen Bing Chuen Albert ⁽⁶⁾	2/2	1/1	N.A.	N.A.	N.A.
Wang Taiyang ⁽⁷⁾	2/2	N.A.	N.A.	N.A.	N.A.
Hu Minglie ⁽⁸⁾	2/2	N.A.	N.A.	1/1	N.A.
Yee Pinh Jeremy ⁽⁹⁾	7/7	N.A.	N.A.	N.A.	1/1

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

(2) Dr Wong Chiang Yin was appointed as an Executive Director and Group Chief Executive Officer ("Group CEO") of the Company with effect from 1 July 2016 (after FY2016).

(3) Ms Tan Poh Lan was appointed as an Executive Director and Group Chief Operating Officer ("Group COO") of the Company with effect from 12 April 2016. She will retire as a Director and remain as the Group COO after the conclusion of the forthcoming Annual General Meeting ("AGM") scheduled to be held on 28 October 2016.

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- (4) Mr Gary Xie Guojun was appointed as a Director of the Company and a member of the RC with effect from 29 April 2016. He resigned as a Director of the Company with effect from 30 September 2016.
- (5) Mr Ho Han Siong Christopher was appointed as a Director of the Company and a member of the NC with effect from 29 April 2016. He resigned as a Director of the Company with effect from 4 October 2016.
- (6) Mr Chen Bing Chuen Albert was appointed as a Director of the Company and a member of the AC with effect from 29 April 2016.
- (7) Ms Wang Taiyang was appointed as a Director of the Company and a member of the BRC with effect from 29 April 2016.
- (8) Mr Hu Minglie was appointed as a Director of the Company and a member of the NC with effect from 29 April 2016.
- (9) Mr Yee Pinh Jeremy resigned as the Executive Director and Chief Executive Officer of the Company with effect from 21 March 2016.
- (10) Ms Tan Poh Lan did not attend one of the Board Meetings held during the year as the key agenda item of that meeting was to discuss the appointment and remuneration of the Group CEO.

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 keeping 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.

During FY2016, two training sessions were conducted by two separate external consultants pertaining to (a) amendment to the Companies Act, Cap 50; and (b) Financial Reporting Standards Updates.

Principle 2: Board Composition and Guidance

As at 30 June 2016, the Board comprised eleven (11) Directors of whom one (1) was an Executive Director, six (6) were Non-Independent Non-Executive Directors ("NINED"), and four (4) were Independent Directors. With the appointment of Dr Wong Chiang Yin as an Executive Director and Group CEO of the Company on 1 July 2016 and subsequently the resignation of Mr Gary Xie Guojun and Mr Ho Han Siong Christopher as the NINEDs of the Company, the Board now comprises ten (10) Directors.

The Company maintains a satisfactory independent element on the Board by having four (4) Independent Directors out of the total ten (10) members of the Board. It is in compliance with Guideline 2.1 of the Code which recommends that at least one-third of the Board should be independent. Guideline 2.2 of the Code also recommends that, where the Chairman of the Board is not an Independent Director, at least half of the Board should be independent. The NC is of the view that although the Independent Directors do not currently make up half of the Board, all of the Directors have debated vigorously on the subject matters tabled at the Board meetings held in FY2016, regardless of whether they were independent or not. The Board is aware that the recommendation is for the Company to comply with Guideline 2.2 no later than by the AGM following the end of its financial year commencing on or after 1 May 2016.

The Board and the NC 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 customer-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 22 to 24 of this Annual Report.

Corporate Governance 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 in FY2016 to discuss matters relating to the Company without the presence of the Management (including the Executive Directors).

Principle 3: Chairman and Chief Executive Officer

To ensure a clear division of responsibilities and a balance of power and authority within the Company, the role of the Chairman and the Group CEO of the Company are undertaken separately by Dr Ho Choon Hou and Dr Wong Chiang Yin (previously Mr Yee Pinh Jeremy) respectively.

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

Dr Wong Chiang Yin, is the Executive Director and Group CEO of the Company. He manages the businesses of the Group and implements the decisions made by the Board. The Group 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 Group CEO are reviewed periodically by the Nominating Committee and the remuneration packages of the Chairman and the Group CEO are reviewed periodically by the Remuneration Committee. With the segregation of duties between the Chairman and the Group 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, Group CEO, Group COO, 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)

Eileen Tay-Tan Bee Kiew (Independent Director)

Hu Minglie (Non-Executive Director) - appointed on 29 April 2016

Ho Han Siong Christopher (Non-Executive Director) - appointed on 29 April 2016 and resigned on 4 October 2016

Yee Pinh Jeremy (Executive Director) - stepped down on 3 December 2015

Corporate Governance Report

The functions of the NC include, amongst others:

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

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

The Directors do not currently have a fixed term of office. Pursuant to Articles 94 and 95 of the Company's Constitution, every Director is required to retire from office 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 Constitution, the Directors who were newly appointed by the Board since the last AGM will have to retire at the forthcoming AGM. The retiring Directors are eligible to offer themselves for re-election.

The following Directors were appointed subsequent to the Company's last AGM held on 16 October 2015:

- (i) Chen Bing Chuen Albert;
- (ii) Wang Taiyang;
- (iii) Hu Minglie;
- (iv) Dr Wong Chiang Yin; and
- (v) Tan Poh Lan.

Pursuant to Article 100 of the Company's Constitution, they will have to vacate their office at the close of the forthcoming AGM. Being eligible, they have offered themselves for re-election, except for Ms Tan Poh Lan who had expressed her wish to retire at the AGM.

In accordance with Article 94 of the Company's Constitution, Dr Ho Choon Hou and Dr Goh Jin Hian shall retire by rotation at the Company's forthcoming AGM. Being eligible, both of them had offered themselves for re-election.

Corporate Governance Report

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

Each member of the NC had abstained 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 22 to 24 of this Annual Report.

Principle 5: Board Performance

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

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

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

The evaluation of Board performance is conducted annually to identify areas of improvement and as a form of good Board management practice. The last performance evaluation was conducted in August 2016 and the results have been presented to the NC for discussion. The newly appointed Directors, namely Mr Gary Xie Guojun, Mr Ho Han Siong Christopher, Mr Chen Bing Chuen Albert, Ms Wang Taiyang, Mr Hu Minglie and Ms Tan Poh Lan were excluded from the performance evaluation for FY2016 as they were on the Board for less than three months in FY2016. Dr Wong Chiang Yin was also excluded as he was appointed after the financial year has ended.

In FY2016, the Company also engaged a consultancy firm to review the Board's effectiveness. The review was conducted using questionnaires tailored to the Company's needs, with the scores tabulated and anonymised before submission to the NC. 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. Based on the internal and external assessment, 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.

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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 Committees meetings and provide corporate secretarial support to the Board, ensure adherence to Board procedures and compliance with the relevant rules and regulations of the Constitution of the Company, the Companies Act (Chapter 50 of Singapore), the Listing Manual of the SGX-ST ("Listing Manual") and all other relevant rules and regulations which are applicable to the Company. Any decision to appoint or remove the Company Secretary can only be taken by the Board as a whole.

If the Directors need independent professional advice to 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 a majority of independent directors including its Chairman:-

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

Joseph Wong Wai Leung (Independent Director)

Gary Xie Guojun (Non-Executive Director) - appointed on 29 April 2016 and resigned on 30 September 2016

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, Group 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.

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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 FY2016, Carrots Consulting Pte Ltd (“Carrots Consulting”) and its associated company, Align HR Consulting 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 FY2016 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.

Remuneration of the Executive Directors and key management personnel

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

The compensation structure is designed to ensure that the level and mix of remuneration 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 FY2016:-

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 RC. The Plan is established with the objective of motivating the Participants to strive towards performance excellence, long term prosperity of the Group, and promoting their organisational commitment, dedication and loyalty towards the Group. In addition, the Plan will make employee remuneration sufficiently competitive to recruit new employees and retain existing employees whose contributions are important to the long term growth and profitability of the Group.

The categories of awards under the Plan in FY2016 are as follows:

Performance Share Award

The FY2016 contingent awards under the Performance Share Award 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.

Corporate Governance Report

Pursuant to the Plan, the RC has decided to grant contingent awards on an annual basis, conditional on meeting targets set for the performance period. The shares will only be released to the recipient at the end of the performance qualifying period. The actual number of performance shares to be released to the recipient will depend on the achievement of the set targets over the performance period. A minimum threshold performance is required for any share to be released and the actual number of performance shares to be released is capped at 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.

Restricted Share Award

The FY2016 contingent share awards under the Restricted Share Award are granted to employees of the Group conditional upon the satisfaction of the following performance targets set at the start of a two-year performance period based on medium-term Group and Company objectives of retaining high potential talents (“HiPo”):

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

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

Deferred Share Award

The FY2016 Deferred Share Award is a one-time contingent award, granted conditional upon satisfaction of a three-year service period based on the Group’s medium-term objective of retaining key management important to the Group’s leadership pipeline and the current operations.

The Award will vest in equal tranches with vesting dates of 1 July 2017, 2018 and 2019, provided service-based conditions are met.

Remuneration of Non-Executive Directors and Independent Directors

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.

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.

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.

Corporate Governance Report

Principle 9: Disclosure on Remuneration

A breakdown showing the level and mix of each individual Director's remuneration for FY2016 is disclosed in the table below:

Directors		Salary (%)	Bonus (%)	Other short-term benefits (%)	Allowances (%)	Fees (%)	Total (%)
Above \$1,500,000 to \$2,000,000							
Yee Pinh Jeremy ⁽¹⁾	Executive Director and CEO	36	62	–	2	–	100
\$250,000 and below							
Dr Wong Chiang Yin ⁽²⁾	Executive Director and Group CEO	–	–	–	–	–	–
Tan Poh Lan	Executive Director and Group COO	95	–	–	5	–	100

Directors		Salary (S\$)	Bonus (S\$)	Other short-term benefits (S\$)	Allowances (S\$)	Fees (S\$)	Total (S\$)
Dr Ho Choon Hou ⁽⁶⁾	Chairman, Non-Executive Non-Independent Director	–	–	–	–	238,000	238,000
Ho Sheng ⁽⁶⁾	Independent Director	–	–	–	–	83,000	83,000
Dr Goh Jin Hian	Independent Director	–	–	–	–	83,000	83,000
Eileen Tay-Tan Bee Kiew	Independent Director	–	–	–	–	83,000	83,000
Joseph Wong Wai Leung	Independent Director	–	–	–	–	83,000	83,000
Chen Bing Chuen Albert ⁽³⁾	Non-Independent Non-Executive Director	–	–	–	–	–	–
Wang Taiyang ⁽³⁾	Non-Independent Non-Executive Director	–	–	–	–	–	–
Hu Minglie ⁽³⁾	Non-Independent Non-Executive Director	–	–	–	–	–	–
Ho Han Siong Christopher ⁽⁴⁾	Non-Independent Non-Executive Director	–	–	–	–	–	–
Gary Xie Guojun ⁽⁵⁾	Non-Independent Non-Executive Director	–	–	–	–	–	–

- (1) Mr Yee Pinh Jeremy resigned as the Executive Director and Chief Executive Officer of the Company with effect from 21 March 2016.
- (2) Dr Wong Chiang Yin was appointed as a Director and Group Chief Executive Officer of the Company with effect from 1 July 2016, therefore no remuneration was paid to him during FY2016.
- (3) Mr Chen Bing Chuen Albert, Ms Wang Taiyang and Mr Hu Minglie were appointed as NINEDs of the Company with effect from 29 April 2016. They have agreed to waive their directors' fees for FY2016 and FY2017.
- (4) Mr Ho Han Siong Christopher was appointed as a NINED of the Company with effect from 29 April 2016 and resigned on 4 October 2016. He has agreed to waive his director's fee for FY2016 and FY2017.
- (5) Mr Gary Xie Guojun was appointed as a NINED of the Company with effect from 29 April 2016 and resigned on 30 September 2016. He has agreed to waive his director's fee for FY2016 and FY2017.
- (6) For FY2016, extraordinary Directors' fees of S\$750,000.00 was proposed for Dr Ho Choon Hou and Mr Ho Sheng to recognise the extra work put in and accumulation of time spent by the Board Chairman and the Lead Independent Director for the transactions with China Cord Blood Corporation ("CCBC") and management of the Board and the Company in times of Board and Management changes during the year.

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The remuneration of the Group CEO and Group COO 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 (%)	Fees (%)	Total (%)
Above \$500,000 to \$750,000						
Thet Hnin Yi	Chief Financial Officer	43	55	2	–	100
Above \$250,000 to \$500,000						
Jonathan Liao Yen San [#]	Senior Director, Corporate Development	45	51	4		100
Jamie Woon Geok Peng	Group Director – Brand Development & Innovation	43	53	4	–	100
Stella Lee Mei Suan	Group Director – Organisational Development	43	52	5	–	100
Tan Huiying	Group Director – Quality and Operations	44	52	4	–	100

[#] Mr Jonathan Liao Yen San resigned as Senior Director, Corporate Development of the Company on 13 June 2016.

For FY2016, the aggregate total remuneration paid to the top five (5) key management personnel, (excluding the Group CEO and Group COO) amounts to S\$2,011,000.

For FY2016, there was no termination, retirement and post-employment benefits granted to the Directors (including the Group CEO and Group COO) 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 Group 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 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.

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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)
Wang Taiyang (Non-Executive Director) - appointed on 29 April 2016
Yee Pinh Jeremy (Executive Director) - resigned on 21 March 2016

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 approving 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;

For FY2016, the Board has received written assurance from the Group 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 Management, various Board Committees and the Board, and the written assurance from the Group 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 and effective as at 30 June 2016.

Principle 12: Audit Committee

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

Eileen Tay-Tan Bee Kiew (Independent Director) (Chairman of the AC)
Ho Sheng (Independent Director)
Dr Ho Choon Hou (Non-Executive Director)
Joseph Wong Wai Leung (Independent Director)
Chen Bing Chuen Albert (Non-Executive Director) - appointed on 29 April 2016

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;

Corporate Governance Report

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 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;
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 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 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 report 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.

Corporate Governance Report

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.

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 FY2016. These meetings were attended by the Group CEO, Group COO 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 Directors and Management.

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 FY2016 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 FY2016 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 FY2016, 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 FY2016 is S\$279,000 out of which S\$258,000 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 2017 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. 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 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 Group 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 auditors' report.

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

All the resolutions 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.

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 of the Company 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.

Corporate Governance Report

INTERESTED PERSON TRANSACTIONS [Listing Manual, Rule 907]

There were no interested person transactions in FY2016.

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 Group CEO, the Director 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.

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

As at 30 June 2016, the Group has utilised approximately S\$28.9 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%	1.2	4.0%
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%	28.9	97.3%

Note:

(1) The numbers in the table above may not exactly add due to rounding.

Corporate Governance Report

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

Amount utilised as working capital and general corporate purposes	Amount (S\$ million)
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 GST	0.20
Establishment of S\$500 million Multicurrency Debt Issuance Programme	0.03
Issue of S\$120 million 4.9% Fixed Rate Notes due 2017	1.20
Magnum Loan	0.09
CGL Acquisition	0.23
Total	6.40

As at 30 June 2016, the Group has utilised approximately S\$9.2 million of the Private Placement proceeds as follows:

Intended Use of Placement Proceeds	Estimated amount (S\$ m)	Estimated percentage of gross proceeds raised from the Private Placement	Amount utilised (S\$ m)	Percentage of gross proceeds raised from the Private Placement
Further, fund and support the Group's operations in connection with its enlarged geographical footprint developed after the Company's initial public offering, including funding of additional strategic investments, joint ventures, acquisitions and/or strategic alliances as and when opportunities materialise and are deemed appropriate by the Board	23.5	70.1%	6.3	18.8%
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%	9.2	27.5%

Note:

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

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

Amount utilised as general working capital	Amount (S\$ million)
Trade purchases	2.2
Legal and professional fees	0.1
Total	2.3

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Directors' Statement

The Directors are pleased to present their statement 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 2016.

Opinion of the Directors

In the opinion of the Directors,

- (i) the consolidated financial statements of the Group and the statement of financial position and statement of changes in equity of the Company 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 2016 and of the financial performance, changes in equity and cash flows of the Group and changes in equity of the Company for the year ended on that date; 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.

Directors

The Directors of the Company in office at the date of this statement are:

Dr Ho Choon Hou	
Dr Wong Chiang Yin	(Appointed on 1 July 2016)
Ms Tan Poh Lan	(Appointed on 12 April 2016)
Mr Ho Sheng	
Dr Goh Jin Hian	
Mr Joseph Wong Wai Leung	
Mrs Eileen Tay-Tan Bee Kiew	
Mr Chen Bing Chuen, Albert	(Appointed on 29 April 2016)
Ms Wang Taiyang	(Appointed on 29 April 2016)
Mr Hu Minglie	(Appointed on 29 April 2016)

Arrangements to enable Directors to acquire shares and debentures

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

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, Chapter 50, an interest in shares and share options of the Company and related corporations (other than wholly-owned subsidiaries) as stated below:

Name of directors and company in which interests are held	Direct Interest		Deemed Interest	
	At beginning of the year/date of appointment	At end of the year	At beginning of the year/date of appointment	At end of the year
Cordlife Group Limited				
Ordinary shares				
Dr Ho Choon Hou	792,061	792,061	–	–
Mr Ho Sheng	–	–	250,000	302,000
Mr Ho Han Siong Christopher (Appointed on 29 April 2016 and resigned on 4 October 2016)	4,500,000	4,500,000	–	–
Mr Hu Minglie	–	–	55,509,400	55,509,400

Directors' Statement

There was no change in any of the above-mentioned interests in the Company between the end of the financial year and 21 July 2016.

Except as disclosed in this statement, 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 date of appointment if later, or at the end of the financial year.

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 35 of the financial statements.

The RC administering the Plan comprises two directors, Dr Goh Jin Hian and Mr Joseph Wong Wai Leung.

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

Grant date	Balance as at 1 July 2015	Grants during the financial year	Vested during the financial year	Cancelled during the financial year	Balance as at 30 June 2016
Performance Share Award					
27 January 2014	138,300	–	(61,000)	(49,400)	27,900
16 December 2014	178,200	–	–	(92,400)	85,800
28 December 2015	–	267,300	–	(106,300)	161,000
	<u>316,500</u>	<u>267,300</u>	<u>(61,000)</u>	<u>(248,100)</u>	<u>274,700</u>
Restricted Share Award					
28 December 2015	–	47,800	–	(2,200)	45,600
Deferred Share Award					
15 April 2016	–	544,800	–	(408,600)	136,200

Directors' Statement

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 released 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	71,700	200,100	(25,750)	(174,350)	–

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; and
- 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.

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.

Directors' Statement

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

Dr Wong Chiang Yin
Director

Singapore
6 October 2016

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 51 to 121, which comprise the statements of financial position of the Group and the Company as at 30 June 2016, 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 2016 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.

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.

Consolidated Statement of Comprehensive Income

for the financial year ended 30 June 2016

	Note	2016 \$'000	2015 \$'000
Revenue	4	59,627	57,583
Cost of sales		(20,166)	(17,560)
Gross profit		39,461	40,023
Other operating income	5	981	773
Selling and marketing expenses		(19,012)	(17,657)
Administrative expenses		(19,767)	(17,254)
Finance income	6	1,531	409
Finance costs	7	(267)	(185)
Profit before income tax from operations		2,927	6,109
Share of results of associate		(76)	(436)
Impairment loss on investment in associate	11	–	(2,646)
Fair value (loss)/gain on investment properties	13	(220)	265
Fair value changes on financial asset designated at fair value through profit or loss		4,548	10,364
Fair value changes on derivative asset	17	2,519	12,922
Exchange differences		6,014	4,653
Gain on sale of financial asset designated at fair value through profit or loss	15	151	–
Gain on sale of convertible note	17	5,012	–
Remeasurement loss on previously held equity interest in subsidiary	34	(1,594)	–
Note repurchase expense	29	(2,025)	–
Other expenses		(2,409)	–
Finance income	6	3,815	6,634
Finance costs	7	(5,322)	(4,597)
Profit before income tax	8	13,340	33,268
Income tax	9	(760)	(1,143)
Profit for the year		12,580	32,125
Other comprehensive income:			
<i>Item that may be reclassified subsequently to profit or loss</i>			
Foreign currency translation		(399)	(80)
Share of foreign currency translation of associate		(180)	(310)
Other comprehensive loss for the year, net of tax		(579)	(390)
Total comprehensive income for the year		12,001	31,735
Profit/(loss) for the year attributable to:			
Owners of the Company		12,329	32,460
Non-controlling interests		251	(335)
		12,580	32,125
Total comprehensive income/(loss) for the year attributable to:			
Owners of the Company		11,686	32,013
Non-controlling interests		315	(278)
		12,001	31,735
Earnings per share (cents per share):			
Basic	10	4.75	12.48
Diluted	10	4.75	12.47

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

Statements of Financial Position

As at 30 June 2016

	Note	Group		Company	
		2016 \$'000	2015 \$'000	2016 \$'000	2015 \$'000
Non-current assets					
Investment in associate	11	–	13,543	–	13,543
Investment in subsidiaries	34	–	–	54,386	21,034
Financial asset designated at fair value through profit or loss	15	–	60,858	–	60,858
Available-for-sale asset	16	4,200	–	4,200	–
Derivative asset	17	–	37,971	–	37,971
Property, plant and equipment	12	13,290	9,564	6,654	7,098
Investment properties	13	9,152	3,795	3,590	3,795
Intangible assets	14	14,686	2,546	1,969	1,164
Deferred tax assets	30	220	–	220	–
Trade receivables	18	60,510	54,606	45,535	43,458
Other receivables	19	4,317	98,513	4,212	98,513
		<u>106,375</u>	<u>281,396</u>	<u>120,766</u>	<u>287,434</u>
Current assets					
Cash and cash equivalents	21	69,701	15,738	59,769	11,668
Fixed deposits	20	53,399	12,256	47,567	11,949
Pledged fixed deposits	20	324	320	–	–
Short term investments	22	14,970	1,234	–	–
Trade receivables	18	21,010	15,256	8,663	7,278
Other receivables	19	2,014	4,210	765	2,724
Prepayments		1,720	1,702	739	961
Inventories	23	1,057	851	429	347
Amounts owing by subsidiaries	24	–	–	14,022	11,368
		<u>164,195</u>	<u>51,567</u>	<u>131,954</u>	<u>46,295</u>
Total assets		<u>270,570</u>	<u>332,963</u>	<u>252,720</u>	<u>333,729</u>
Current liabilities					
Trade and other payables	25	13,521	11,597	5,722	7,027
Insurance contract liabilities	26	1,056	–	–	–
Deferred revenue	27	15,502	3,989	2,565	1,994
Amounts owing to subsidiaries	24	–	–	15,052	25,090
Tax payable		592	1,103	–	463
Interest-bearing borrowings	28	2,124	4,486	2,124	4,486
		<u>32,795</u>	<u>21,175</u>	<u>25,463</u>	<u>39,060</u>
Net current assets		<u>131,400</u>	<u>30,392</u>	<u>106,491</u>	<u>7,235</u>

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

Statements of Financial Position

As at 30 June 2016

	Note	Group		Company	
		2016 \$'000	2015 \$'000	2016 \$'000	2015 \$'000
Non-current liabilities					
Other payables	25	86	1,306	–	1,306
Deferred revenue	27	24,716	23,627	12,795	13,111
Deferred tax liabilities	30	4,073	91	105	105
Interest-bearing borrowings	28	8,742	7,355	8,742	7,355
Notes payable	29	67,403	117,463	67,403	117,463
		<u>105,020</u>	<u>149,842</u>	<u>89,045</u>	<u>139,340</u>
Total liabilities		<u>137,815</u>	<u>171,017</u>	<u>114,508</u>	<u>178,400</u>
Net assets		<u>132,755</u>	<u>161,946</u>	<u>138,212</u>	<u>155,329</u>
Capital and reserves					
Share capital	31(a)	96,672	96,657	96,672	96,657
Treasury shares	31(b)	(9,828)	(9,901)	(9,828)	(9,901)
Accumulated profits		54,660	78,633	50,779	67,998
Other reserves	32	(10,815)	(2,983)	589	575
		<u>130,689</u>	<u>162,406</u>	<u>138,212</u>	<u>155,329</u>
Non-controlling interests	34	2,066	(460)	–	–
Total equity		<u>132,755</u>	<u>161,946</u>	<u>138,212</u>	<u>155,329</u>
Total equity and liabilities		<u>270,570</u>	<u>332,963</u>	<u>252,720</u>	<u>333,729</u>

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 2016

	Note	Share capital \$'000	Treasury Shares \$'000	Accumulated profits \$'000	Share-based compensation reserve \$'000	Capital reserve \$'000	Merger reserve \$'000	Acquisition reserve \$'000	Foreign currency translation reserve \$'000	Non-controlling interests \$'000	Total \$'000
Group											
Balance at 1 July 2014		96,657	(3,898)	51,359	45	568	534	(2,184)	(1,607)	(182)	141,292
Profit/(loss) for the year		-	-	32,460	-	-	-	-	-	(335)	32,125
<u>Other comprehensive income/(loss) for the year, net of tax</u>											
- Foreign currency translation		-	-	-	-	-	-	-	(137)	57	(80)
- Share of other comprehensive income of associates		-	-	-	-	-	-	-	(310)	-	(310)
Total comprehensive income/(loss) for the year		-	-	32,460	-	-	-	-	(447)	(278)	31,735
<u>Contributions by and distributions to owners</u>											
Purchase of treasury shares	31(b)	-	(6,003)	-	-	-	-	-	-	-	(6,003)
Grant of share awards to employees	35	-	-	-	108	-	-	-	-	-	108
Dividends	41	-	-	(5,186)	-	-	-	-	-	-	(5,186)
Total contributions by and distributions to owners		-	(6,003)	(5,186)	108	-	-	-	-	-	(11,081)
Balance at 30 June 2015 and 1 July 2015		96,657	(9,901)	78,633	153	568	534	(2,184)	(2,054)	(460)	161,946
Profit/(loss) for the year		-	-	12,329	-	-	-	-	-	251	12,580
<u>Other comprehensive (loss)/income for the year, net of tax</u>											
- Foreign currency translation		-	-	-	-	-	-	-	(463)	64	(399)
- Share of other comprehensive loss of associate		-	-	-	-	-	-	-	(180)	-	(180)
Total comprehensive income/(loss) for the year		-	-	12,329	-	-	-	-	(643)	315	12,001
<u>Contributions by and distributions to owners</u>											
Grant of share awards to employees	35	-	-	-	102	-	-	-	-	-	102
Reissuance of treasury shares pursuant to equity compensation plan	31(b)	15	73	-	(88)	-	-	-	-	-	-
Dividends	41	-	-	(36,302)	-	-	-	-	-	-	(36,302)
Total contributions by and distributions to owners		15	73	(36,302)	14	-	-	-	-	-	(36,200)
Acquisition of subsidiary		-	-	-	-	-	-	-	-	10,504	10,504
Acquisition of non-controlling interests in subsidiaries		-	-	-	-	-	-	(7,203)	-	(8,293)	(15,496)
Balance at 30 June 2016		96,672	(9,828)	54,660	167	568	534	(9,387)	(2,697)	2,066	132,755

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 2016

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 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
<u>Contributions by and distributions to owners</u>						
Purchase of treasury shares	31(b)	(6,003)	-	-	-	(6,003)
Grant of share awards to employees	35	-	-	-	108	108
Dividends	41	-	(5,186)	-	-	(5,186)
Total contributions by and distributions to owners		(6,003)	(5,186)	-	108	(11,081)
Balance at 30 June 2015 and 1 July 2015	96,657	(9,901)	67,998	422	153	155,329
Profit for the year, representing total comprehensive income for the year	-	-	19,083	-	-	19,083
<u>Contributions by and distributions to owners</u>						
Grant of share awards to employees	35	-	-	-	102	102
Reissuance of treasury shares pursuant to equity compensation plan	31(b)	15	73	-	(88)	-
Dividends	41	-	(36,302)	-	-	(36,302)
Total contributions by and distributions to owners		15	73	(36,302)	14	(36,200)
Balance at 30 June 2016	96,672	(9,828)	50,779	422	167	138,212

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 2016

	Note	2016 \$'000	2015 \$'000
Cash flows from operating activities:			
Profit before income tax		13,340	33,268
<u>Adjustments for:</u>			
Depreciation of property, plant and equipment	12	1,784	1,461
Amortisation of intangible assets	14	731	227
Impairment loss on trade receivables and bad debts written off	8	386	511
Loss on disposal of property, plant and equipment	8	4	–
Gain on disposal of investment property	8	–	(54)
Interest income	6	(5,346)	(7,043)
Interest expense	7	5,589	4,782
Note repurchase expense	29	2,025	–
Share-based compensation expense	35	102	108
Share of results of associate		76	436
Impairment loss on investment in associate	11	–	2,646
Unrealised share of other income from associate		(44)	(106)
Fair value loss/(gain) on investment properties	13	220	(265)
Fair value changes on financial asset designated at fair value through profit or loss		(4,548)	(10,364)
Fair value changes on derivative asset	17	(2,519)	(12,922)
Re-measurement loss on previously held equity interest in subsidiary	34	1,594	–
Gain on sale of financial asset designated at fair value through profit or loss	15	(151)	–
Gain on sale of convertible note	17	(5,012)	–
Unrealised exchange gain		(7,082)	(4,780)
Operating cash flows before changes in working capital		1,149	7,905
<u>Changes in working capital:</u>			
Increase in trade receivables		(9,279)	(11,522)
Decrease/(increase) in other receivables, deposits and prepayments		405	(1,147)
Increase in inventories		(74)	(206)
Increase in trade and other payables		869	1,201
Increase in deferred revenue		2,900	1,765
Cash used in operations		(4,030)	(2,004)
Interest received		1,204	409
Interest paid		(267)	(185)
Income tax paid		(1,260)	(1,664)
Net cash flows used in operating activities		(4,353)	(3,444)

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 2016

	Note	2016 \$'000	2015 \$'000
Cash flows from investing activities:			
Purchase of property, plant and equipment	12	(4,086)	(1,968)
Purchase of intangible assets	14	(1,326)	(825)
Proceeds from disposal of property, plant and equipment		60	–
Proceeds from disposal of intangible assets		178	–
Proceeds from disposal of investment property		–	754
Placement of short term investments		(1,276)	(246)
Acquisition of subsidiary, net of cash	34	(14,332)	–
Acquisition of convertible bond, net of transaction cost	19	(4,200)	(57,303)
Acquisition of available-for-sale asset	16	(4,200)	–
Loan to external party, net of transaction cost		–	(57,683)
Interest received on loan receivable and convertible note		5,245	2,155
Proceeds from disposal of shares, net of transaction costs		65,688	–
Proceeds from disposal of convertible note, net of transaction costs		87,225	–
Proceeds from repayment of loan and interest from external party	19	62,596	–
Transfer to fixed deposits, net		(38,296)	(8)
Net cash flows from/(used in) investing activities		<u>153,276</u>	<u>(115,124)</u>
Cash flows from financing activities:			
Transfer (to)/from pledged fixed deposits		(4)	28
Repayment of interest-bearing borrowings		(976)	(1,009)
Dividends paid	41	(36,302)	(5,186)
Proceeds from issuance of notes, net of transaction cost		–	116,797
Interest paid on Notes		(4,902)	(2,941)
Purchase of treasury shares	31(b)	–	(6,003)
Repurchase of Notes		(52,889)	–
Net cash flows (used in)/from financing activities		<u>(95,073)</u>	<u>101,686</u>
Net increase/(decrease) in cash and cash equivalents		53,850	(16,882)
Cash and cash equivalents at beginning of the year		15,738	32,643
Effects of exchange rate changes on the balance of cash and cash equivalents		113	(23)
Cash and cash equivalents at end of the year	21	<u>69,701</u>	<u>15,738</u>

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 2016

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 34 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 2015. The adoption of these standards did not have any effect on the financial performance or position of the Group and the Company.

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 <i>Agriculture - Bearer Plants</i>	1 January 2016
Amendments to FRS 27 <i>Equity Method in Separate Financial Statements</i>	1 January 2016
Amendments to FRS 16 and FRS 38 <i>Clarification of Acceptable Methods of Depreciation and Amortisation</i>	1 January 2016
Amendments to FRS 111 <i>Accounting for Acquisitions of Interests in Joint Operations</i>	1 January 2016

Notes to The Financial Statements

for the financial year ended 30 June 2016

2. Summary of significant accounting policies (cont'd)

2.3 Standards issued but not effective (cont'd)

Description	Effective for annual periods beginning on or after
Improvements to FRSs (November 2014)	
(a) Amendments to FRS 105 <i>Non-current Assets Held for Sale and Discontinued Operations</i>	1 January 2016
(b) Amendments to FRS 107 <i>Financial Instruments: Disclosures</i>	1 January 2016
(c) Amendments to FRS 19 <i>Employee Benefits</i>	1 January 2016
(d) Amendments to FRS 34 <i>Interim Financial Reporting</i>	1 January 2016
Amendments to FRS 110 and FRS 28 <i>Sale or Contribution of Assets between an Investor and its Associate or Joint Venture</i>	1 January 2016
Amendments to FRS 1 <i>Disclosure Initiative</i>	1 January 2016
Amendments to FRS 110, FRS 112 and FRS 28 <i>Investment Entities: Applying the Consolidation Exception</i>	1 January 2016
FRS 7 Amendments to FRS 7: <i>Disclosure Initiatives</i>	1 January 2017
FRS 12 Amendments to FRS 12: <i>Recognition of Deferred Tax Assets for Unrealised Losses</i>	1 January 2017
FRS 115 <i>Revenue from Contracts with Customers</i>	1 January 2017
FRS 109 <i>Financial Instruments</i>	1 January 2018
FRS 116 <i>Leases</i>	1 January 2019

Except for FRS 115, FRS 109 and FRS 116, 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, FRS 109 and FRS 116 are described below.

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.

Notes to The Financial Statements

for the financial year ended 30 June 2016

2. Summary of significant accounting policies (cont'd)

2.3 *Standards issued but not effective (cont'd)*

FRS 116 *Leases*

FRS 116 was issued in June 2016 and establishes a new approach to lease accounting which requires a lessee to recognise assets and liabilities for the rights and obligations created by leases. FRS 116 is effective for annual periods beginning on or after 1 January 2019. Earlier application is permitted for entities that apply FRS 115 Revenue from Contracts with Customers at or before the date of initial application of FRS 116. Retrospective application is required. The Group is currently assessing the impact of FRS 116 and plans to adopt the new standard on the required effective date.

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 the 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.

(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.

Notes to The Financial Statements

for the financial year ended 30 June 2016

2. Summary of significant accounting policies (cont'd)

2.4 Basis of consolidation and business combinations (cont'd)

(b) Basis of consolidation (cont'd)

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.

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.

Notes to The Financial Statements

for the financial year ended 30 June 2016

2. Summary of significant accounting policies (cont'd)

2.4 Basis of consolidation and business combinations (cont'd)

(c) Business combinations from 1 July 2010 (cont'd)

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.

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.

After initial recognition, goodwill is measured at cost less any accumulated impairment losses. For that purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's cash-generating units that are expected to benefit from the combination, irrespective of whether other assets or liabilities of the acquiree are assigned to those units.

The cash generating units to which goodwill have been allocated is tested for impairment annually and whenever there is an indication that the cash-generating unit may be impaired. Impairment is determined for goodwill by assessing the recoverable amount of each cash-generating unit (or group of cash-generating units) to which the goodwill relates.

(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 2016

2. Summary of significant accounting policies (cont'd)

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.

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 2.19. 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.

Notes to The Financial Statements

for the financial year ended 30 June 2016

2. Summary of significant accounting policies (cont'd)

2.7 *Property, plant and equipment (cont'd)*

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 10 years
Office equipment	–	3 to 10 years
Motor vehicle	–	3 to 5 years
Leasehold improvement	–	4 to 7 years
Buildings	–	50 to 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 de-recognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on de-recognition of the asset is included in profit or loss in the year the asset is derecognised.

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 de-recognised 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.

Notes to The Financial Statements

for the financial year ended 30 June 2016

2. Summary of significant accounting policies (cont'd)

2.8 *Investment properties (cont'd)*

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.

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 de-recognition 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 de-recognised.

(i) *Customer contracts*

The customer contracts were acquired in business combinations and are amortised on a systematic basis over its finite useful life of 12 years to 20 years, which reflects the pattern of benefits.

(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.

(iv) *Brands*

Brands were acquired in business combinations and are amortised on a systematic basis over its finite useful life of 15 years, which reflects the pattern of benefits.

Notes to The Financial Statements

for the financial year ended 30 June 2016

2. Summary of significant accounting policies (cont'd)

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.

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 statements 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.

Notes to The Financial Statements

for the financial year ended 30 June 2016

2. Summary of significant accounting policies (cont'd)

2.12 Associate (cont'd)

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.

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 asset 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.

Notes to The Financial Statements

for the financial year ended 30 June 2016

2. Summary of significant accounting policies (cont'd)

2.13 Financial instruments (cont'd)

(a) Financial assets (cont'd)

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

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.

(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 de-recognised or impaired, and through the amortisation process.

De-recognition

A financial asset is de-recognised where the contractual right to receive cash flows from the asset has expired. On de-recognition 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 de-recognised 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.

Notes to The Financial Statements

for the financial year ended 30 June 2016

2. Summary of significant accounting policies (cont'd)

2.13 Financial instruments (cont'd)

(b) Financial liabilities (cont'd)

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 de-recognised, and through the amortisation process.

De-recognition

A financial liability is de-recognised 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 de-recognition 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.

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.

Notes to The Financial Statements

for the financial year ended 30 June 2016

2. Summary of significant accounting policies (cont'd)

2.14 Impairment of financial assets (cont'd)

Financial assets carried at amortised cost (cont'd)

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.

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 Insurance contracts

Insurance contracts are those contracts where the Group has accepted significant insurance risk from another party (the customers in the contract) by agreeing to compensate the customers if a specified uncertain future event (the insured event) adversely affects the customers.

Notes to The Financial Statements

for the financial year ended 30 June 2016

2. Summary of significant accounting policies (cont'd)

2.18 Insurance contracts (cont'd)

Once a contract has been classified as an insurance contract, it remains an insurance contract for the remainder of its lifetime, even if the insurance risk reduces significantly during this period, unless all rights and obligations are extinguished or expire.

Some business units within the Group offered Cordlife Transplant Coverage (or "Transplant coverage") as a part of the cord blood and cord lining banking contracts to certain customers in certain jurisdictions. The Transplant coverage provides a one-time fixed amount of benefit to eligible members for sickness and transplant expenses arising from stem cell transplant on treatment. The Group determines that this coverage qualifies as an insurance contract as the Group accepts significant risk from its customers by agreeing to compensate the customer if the transplant (specified uncertain future event) adversely affects the customer. The Group currently cedes this insurance risk by entering into a yearly renewable agreement with a reinsurance company. The ceded reinsurance arrangement does not relieve the Group from its obligations to its customers under Cordlife Transplant Coverage. The Group is still exposed to certain liabilities from the insurance contract.

The insurance liabilities include liability for outstanding claims and liability for expected future claims.

Outstanding claims provisions are based on the estimated ultimate cost of all claims incurred but not settled at the balance sheet date, whether reported or not, together with related claims handling costs and reduction for the expected value of salvage and other receivables. Delays can be experienced in the notification and settlement of certain types of claims, therefore, the ultimate cost of these claims cannot be known with certainty at the balance sheet date. The liability is calculated at the reporting date using standard actuarial projection techniques based on empirical data and current assumptions that may include a margin for adverse deviation. The outstanding claims liability will be reinsured by the reinsurance agreement effective for the financial year. Reinsurance assets, representing the corresponding balances due from reinsurers, will be recognised.

The liabilities for expected future claims have been determined as the present value of expected future claims. The Group engages independent actuarial consultant in the valuation of the liabilities. The valuation of the future liabilities at balance sheet date is based on reasonable measure of key assumptions such as policy claim incidence rates, policy lapses and provision for adverse deviation. No reinsurance asset, corresponding to the liabilities for expected future claims, will be recognised as at balance sheet date until reinsurance agreements effective for the future period are concluded.

The liabilities are de-recognised when contracts expire, are discharged or are cancelled.

2.19 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.

2.20 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.

Notes to The Financial Statements

for the financial year ended 30 June 2016

2. Summary of significant accounting policies (cont'd)

2.21 *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.

(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.

2.22 *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 2016

2. Summary of significant accounting policies (cont'd)

2.22 Leases (cont'd)

As lessee (cont'd)

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 2.23. Contingent rents are recognised as revenue in the period in which they are earned.

2.23 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.

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.

Notes to The Financial Statements

for the financial year ended 30 June 2016

2. Summary of significant accounting policies (cont'd)

2.23 Revenue recognition (cont'd)

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.

2.24 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.

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.

Notes to The Financial Statements

for the financial year ended 30 June 2016

2. Summary of significant accounting policies (cont'd)

2.24 Taxes (cont'd)

Deferred tax (cont'd)

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.

2.25 Other taxes

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

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

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

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

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

2.26 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 40, including the factors used to identify the reportable segments and the measurement basis of segment information.

2.27 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.

Notes to The Financial Statements

for the financial year ended 30 June 2016

2. Summary of significant accounting policies (cont'd)

2.28 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.

2.29 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
- (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.

2.30 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.

Notes to The Financial Statements

for the financial year ended 30 June 2016

2. Summary of significant accounting policies (cont'd)

2.30 Related parties (cont'd)

- (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).

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 service contracts based on the stage of completion method. The stage of completion is measured in accordance with the accounting policy stated in Note 2.23. 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 \$1,744,000 (2015: \$1,729,000) lower.

Notes to The Financial Statements

for the financial year ended 30 June 2016

3. Significant accounting judgements, estimates and assumptions (cont'd)

3.2 Key sources of estimation uncertainty (cont'd)

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 18.

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 2016.

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 17.

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.

The carrying amount of the Group's non-financial assets are disclosed in Notes 12, 13 and 14 to the financial statements.

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 2016 was \$592,000 (2015: \$1,103,000) and \$4,073,000 (2015: \$91,000) respectively.

Notes to The Financial Statements

for the financial year ended 30 June 2016

4. Revenue

	Group	
	2016 \$'000	2015 \$'000
Rendering of services	51,948	51,388
Interest income on long-term trade receivables	7,679	6,151
Sale of goods	–	44
	<u>59,627</u>	<u>57,583</u>

5. Other operating income

	Group	
	2016 \$'000	2015 \$'000
Rental income	166	170
Royalty income		
- Third party	89	118
- Associate	–	101
Fees for providing training and technical know-how transfer to associate	44	106
Gain on disposal of investment property	–	54
Grant income	232	37
Others	450	187
	<u>981</u>	<u>773</u>

6. Finance income

	Group	
	2016 \$'000	2015 \$'000
Interest income from fixed deposits	1,065	409
Interest income from short term investments	324	–
Interest income from bond receivable	142	–
	<u>1,531</u>	<u>409</u>
Interest income from bond receivable (Note 19)	2,173	3,662
Interest income from loan to external party (Note 19)	1,642	2,972
	<u>3,815</u>	<u>6,634</u>

7. Finance costs

	Group	
	2016 \$'000	2015 \$'000
Interest expense on interest-bearing borrowings	<u>267</u>	<u>185</u>
Interest expense on notes payable (Note 29)	<u>5,322</u>	<u>4,597</u>

Notes to The Financial Statements

for the financial year ended 30 June 2016

8 Profit before income tax

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

		Group	
	Note	2016 \$'000	2015 \$'000
Employee benefits expense	35	18,837	15,586
Audit fees paid to auditors of the Company		258	229
Non-audit fees paid to auditors of the Company		21	21
Exchange gain on derivative asset	17	(1,939)	(967)
Exchange gain on bond receivable	19	(1,794)	(1,331)
Exchange gain on loan to external party	19	(2,821)	(2,355)
Exchange loss on disposal of financial asset designated at fair value through profit or loss and convertible bond		540	–
Operating lease expenses		932	923
Depreciation of property, plant and equipment	12	1,784	1,461
Impairment loss on trade receivables, net	18	297	481
Bad debts written off		89	30
Amortisation of intangible assets	14	731	227
Gain on disposal of investment property		–	(54)
Loss on disposal of property, plant and equipment		4	–
Premium paid on reinsurance		334	–
		<u>334</u>	<u>–</u>

9. Income tax

The major components of income tax expense for the years ended 30 June 2016 and 2015 are:

	Group	
	2016 \$'000	2015 \$'000
Current income tax:		
Current income taxation	775	1,116
Under provision in respect of previous years	159	124
	<u>934</u>	<u>1,240</u>
Deferred tax:		
Origination and reversal of temporary differences	(174)	(103)
Under provision in respect of previous years	–	6
	<u>760</u>	<u>1,143</u>

Notes to The Financial Statements

for the financial year ended 30 June 2016

9. Income tax (cont'd)

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 2016 and 2015 is as follows:

	Group	
	2016 \$'000	2015 \$'000
Profit before income tax	13,340	33,268
Tax at the domestic rates applicable to profits in the countries where the Group operates	2,858	5,435
Adjustments:		
Deferred tax assets not recognised	587	924
Expenses not deductible for tax purposes	2,575	1,320
Income not subject to tax	(5,098)	(5,937)
Effect of partial tax exemption	(26)	(52)
Effect of tax incentive *	(254)	(741)
Tax rebate	(20)	–
Under provision in respect of previous years	159	130
Share of results of associate	–	74
Others	(21)	(10)
	760	1,143

* 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	
	2016 \$'000	2015 \$'000
Profit for the financial year attributable to owners of the Company	12,329	32,460
	'000	'000
Weighted average number of ordinary shares for basic earnings per share computation	259,327	260,043
Weighted average number of ordinary shares for diluted earnings per share computation	259,771	260,343

Notes to The Financial Statements

for the financial year ended 30 June 2016

11. Investment in associate

	Group		Company	
	2016 \$'000	2015 \$'000	2016 \$'000	2015 \$'000
Shares, at cost	316	18,147	–	18,220
Share of post-acquisition results of associate	78	(238)	–	–
Foreign currency translation reserve	–	(311)	–	–
Dividends received	–	(917)	–	–
Unrealised share of other income from associate	–	(212)	–	–
Amortisation of intangible assets identified upon acquisition of associate	–	(280)	–	–
Accumulated impairment loss	(394)	(2,646)	–	(4,677)
At 30 June	<u>–</u>	<u>13,543</u>	<u>–</u>	<u>13,543</u>
Fair value of investment in associate for which there is published price quotation	<u>–</u>	<u>9,838</u>	<u>–</u>	<u>9,838</u>

Name of company	Country of incorporation	Principal activities	Proportion of ownership interest	
			2016 %	2015 %
Stemlife Berhad ¹	Malaysia	Cord blood and cord lining banking services	–*	31.81
Thai Stemlife Co., Ltd ²	Thailand	Cord blood banking services	35.95	–

1 Audited by Ernst & Young, Kuala Lumpur

2 Audited by ABA Alliance Co Ltd

* The Group holds 89.88% of ownership interest in Stemlife Berhad as at 30 June 2016 and accounts for it as a subsidiary (Note 34).

Impairment testing of investment in associate

The recoverable amount of the investment in associate as at 30 June 2015 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 fifth 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.

Notes to The Financial Statements

for the financial year ended 30 June 2016

11. Investment in associate (cont'd)

Impairment testing of investment in associate (cont'd)

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

	2015
Growth rate	2.0%
Pre-tax discount	11.4%

In the financial year ended 30 June 2015, an impairment loss of \$2,646,000 was recognised for the Group's investment in its associate, Stemlife Berhad.

Summarised financial information

The summarised financial information in respect of Stemlife Berhad, 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 Berhad 2015 \$'000
Summarised statement of financial position	
Current assets	27,498
Non-current assets	5,976
Current liabilities	(24,946)
Non-current liabilities	–
Net assets	8,528
Proportion of the Group's ownership	31.81%
Group's share of net assets	2,713
Goodwill on acquisition, net of impairment loss	8,483
Intangible assets on acquisition, net of amortisation	2,559
Unrealised share of other income from associate	(212)
Carrying amount of the investment	<u>13,543</u>
Summarised statement of comprehensive income	
Revenue	2,192
Loss for the year	(296)
Other comprehensive loss for the year	(310)
Total comprehensive loss for the year	<u>(606)</u>

Notes to The Financial Statements

for the financial year ended 30 June 2016

12. Property, plant and equipment

	Note	Furniture and fittings \$'000	Laboratory equipment \$'000	Office equipment \$'000	Motor vehicle \$'000	Leasehold improvement \$'000	Buildings \$'000	Construction- in-progress \$'000	Total \$'000
Group									
Cost:									
At 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 and 1 July 2015		934	3,849	2,109	49	2,274	5,345	340	14,900
Additions		20	591	555	31	351	2,519	19	4,086
Disposals		(94)	(157)	(221)	(260)	(210)	–	–	(942)
Transfer from construction-in- progress		24	63	–	–	181	–	(268)	–
Acquisition of subsidiary		46	1,668	360	293	578	1,317	–	4,262
Exchange rate adjustments		(22)	(69)	(22)	4	(19)	(96)	(12)	(236)
At 30 June 2016		908	5,945	2,781	117	3,155	9,085	79	22,070
Accumulated depreciation:									
At 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 and 1 July 2015		524	1,949	1,256	49	1,369	189	–	5,336
Charge for the year		171	537	500	33	431	112	–	1,784
Disposals		(94)	(149)	(214)	(168)	(210)	–	–	(835)
Acquisition of subsidiary		43	1,383	302	157	574	105	–	2,564
Exchange rate adjustments		(17)	(46)	(8)	2	(2)	2	–	(69)
At 30 June 2016		627	3,674	1,836	73	2,162	408	–	8,780
Net book value:									
At 30 June 2015		410	1,900	853	–	905	5,156	340	9,564
At 30 June 2016		281	2,271	945	44	993	8,677	79	13,290

Notes to The Financial Statements

for the financial year ended 30 June 2016

12. Property, plant and equipment (cont'd)

	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 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 and 1 July 2015		373	1,986	973	670	5,345	70	9,417
Additions		2	89	120	33	–	–	244
Disposals		–	–	(85)	–	–	–	(85)
Transfer from construction-in- progress		23	–	–	47	–	(70)	–
Transfer to subsidiary		–	(42)	–	–	–	–	(42)
At 30 June 2016		398	2,033	1,008	750	5,345	–	9,534
Accumulated depreciation:								
At 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 and 1 July 2015		163	1,115	642	210	189	–	2,319
Charge for the year		78	218	182	115	90	–	683
Disposals		–	–	(80)	–	–	–	(80)
Transfer to subsidiary		–	(42)	–	–	–	–	(42)
At 30 June 2016		241	1,291	744	325	279	–	2,880
Net book value								
At 30 June 2015		210	871	331	460	5,156	70	7,098
At 30 June 2016		157	742	264	425	5,066	–	6,654

In April 2015, the Group transferred one office unit from investment properties to property, plant and equipment. On that date, the Group determined that this unit will no longer be held to earn rentals, and commenced the use of this unit for its own operations. There was no transfer during the financial year ended 30 June 2016.

The Group's and the Company's leasehold building with a carrying amount of \$5,066,000 (2015: \$5,156,000) are mortgaged to secure the Group's and the Company's interest-bearing borrowings (Note 28).

As at 30 June 2016, the fair value of the buildings owned by the Group and the Company were determined to be \$7,040,000 (2015: \$6,065,000) and \$5,810,000 (2015: \$6,065,000) respectively. The valuation was performed by Colliers International Consultancy & Valuation (Singapore) Pte Ltd in Singapore and VPC Alliance (KL) Sdn Bhd in Malaysia, independent valuers with 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 2016

13. Investment properties

	Group		Company	
	2016 \$'000	2015 \$'000	2016 \$'000	2015 \$'000
Statements of financial position:				
At 1 July	3,795	4,830	3,795	4,830
Acquisition of subsidiary	5,577	–	–	–
Transfer to property, plant and equipment (Note 12)	–	(600)	–	(600)
Disposal of investment property	–	(700)	–	(700)
Fair value (loss)/gain recognised in profit or loss	(220)	265	(205)	265
At 30 June	9,152	3,795	3,590	3,795
Consolidated statement of comprehensive income:				
Rental income from investment properties:				
- Minimum lease payments	166	170	151	170
Direct operating expenses arising from:				
- Rental generating properties	87	46	64	46

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 2016. The valuation are performed by Colliers International Consultancy & Valuation (Singapore) Pte Ltd and VP Alliance (Malaysia) Sdn. Bhd., who are independent valuers with recognised and relevant professional qualifications and with recent experiences in the location and category of the properties being valued. The valuations are based on comparable market transactions that consider the sales of similar properties that have been transacted in the open market.

During the previous 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 \$3,590,000 (2015: \$3,795,000) are mortgaged to secure the Group's and the Company's interest-bearing borrowings (Note 28).

Notes to The Financial Statements

for the financial year ended 30 June 2016

13. Investment properties (cont'd)

The investment properties held by the Group and the Company as at 30 June 2016 are as follows:

Description and Location	Existing Use	Tenure	Lease term
Group			
6 office units, A'Posh Bizhub 1 Yishun Industrial Street 1, Singapore	Commercial	Leasehold	60 years
Unit 6.06, Wisma Perintis, Jalan Dungun, Damansara Heights, 50490 Kuala Lumpur	Sports Medicine Centre within a commercial building	Freehold	Freehold
Unit 6.02, Wisma Perintis, Jalan Dungun, Damansara Heights, 50490 Kuala Lumpur	Sports Medicine Centre within a commercial building	Freehold	Freehold
B-1-8, Greentown Square, Jalan Dato Seri Ahmad Said, 30450 Ipoh, Perak	Office Premise within a commercial building	Leasehold	99 years
No.220, Jalan Burma, 10350 Penang	Commercial	Freehold	Freehold
Lot IP3-038, IPARC3, Lot 1115, Mukim Damansara, Daerah Petaling, Selangor	Light Industrial Land	Freehold	Freehold
B-2-8, Greentown Square, Jalan Dato Seri Ahmad Said, 30450 Ipoh, Perak	Office Premise within a commercial building	Leasehold	99 years
B-3-8, Greentown Square, Jalan Dato Seri Ahmad Said, 30450 Ipoh, Perak	Office Premise within a commercial building	Leasehold	99 years
Company			
6 office units, A'Posh Bizhub 1 Yishun Industrial Street 1, Singapore	Commercial	Leasehold	60 years

Notes to The Financial Statements

for the financial year ended 30 June 2016

14. Intangible assets

	Note	Customer contracts \$'000	Brand	Goodwill	Club membership \$'000	Computer software \$'000	License	Work in progress \$'000	Total \$'000
Group									
Cost:									
At 1 July 2014		1,639	-	-	-	428	-	290	2,357
Additions		-	-	-	186	56	-	583	825
Exchange rate adjustments		-	-	-	-	7	-	-	7
At 30 June 2015 and 1 July 2015		1,639	-	-	186	491	-	873	3,189
Additions		-	-	-	176	601	-	549	1,326
Disposals		-	-	-	(176)	-	-	-	(176)
Transfer from work in progress		-	-	-	-	647	-	(647)	-
Acquisition of subsidiary		1,167	2,046	7,924	-	236	854	-	12,227
Exchange rate adjustments		10	18	85	-	2	9	-	124
At 30 June 2016		2,816	2,064	8,009	186	1,977	863	775	16,690
Accumulated amortisation:									
At 1 July 2014		132	-	-	-	284	-	-	416
Amortisation for the year		132	-	-	-	95	-	-	227
At 30 June 2015 and 1 July 2015		264	-	-	-	379	-	-	643
Amortisation for the year		241	148	-	-	175	167	-	731
Acquisition of subsidiary		-	-	-	-	198	427	-	625
Exchange rate adjustments		-	(1)	-	-	3	3	-	5
At 30 June 2016		505	147	-	-	755	597	-	2,004
Net carrying amount:									
At 30 June 2015		1,375	-	-	186	112	-	873	2,546
At 30 June 2016		2,311	1,917	8,009	186	1,222	266	775	14,686

Customer contracts

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

Brand

Brand relates to the "Stemlife" brand name possessed by the acquired subsidiary, Stemlife Berhad, with an amortisation period of 15 years.

Notes to The Financial Statements

for the financial year ended 30 June 2016

14. Intangible assets (cont'd)

Amortisation expense

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

Impairment testing of goodwill

Goodwill acquired through business combinations has been allocated to one cash-generating unit ("CGU"), which is its business operations in Malaysia, being Stemlife Berhad. The carrying amount of goodwill is \$7,924,000, which resulted from the Group's additional acquisition of Stemlife Berhad.

The recoverable amount of the cash-generating unit has been determined based on value in use calculations using cash flow projections from financial budgets approved by management covering a five-year period. The pre-tax discount rate applied to the cash flow projections was 12.5% and the forecasted growth rates used to extrapolate the cash flow projections beyond the five-year period was 2.0%.

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

Budgeted gross margin – Gross margin is based on average values achieved in the two years preceding the start of the budget period. This is increased over the budget period for anticipated efficiency improvements.

Growth rate – The forecasted growth rate is based on market research data and does not exceed the long-term average growth rate for the industry relevant to the CGU.

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

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

Impairment loss recognised

During the financial year, no impairment loss was recognised (2015: \$Nil).

Notes to The Financial Statements

for the financial year ended 30 June 2016

14. Intangible assets (cont'd)

	Note	Club membership \$'000	Computer software \$'000	Work in progress \$'000	Total \$'000
Company					
Cost:					
At 1 July 2014		–	418	290	708
Additions		186	53	583	822
At 30 June 2015 and 1 July 2015		186	471	873	1,530
Additions		176	408	543	1,127
Disposal		(176)	–	–	(176)
Transfer from work in progress		–	647	(647)	–
At 30 June 2016		186	1,526	769	2,481
Accumulated amortisation:					
At 1 July 2014		–	284	–	284
Amortisation for the year		–	82	–	82
At 30 June 2015 and 1 July 2015		–	366	–	366
Amortisation for the year		–	146	–	146
At 30 June 2016		–	512	–	512
Net carrying amount:					
At 30 June 2015		186	105	873	1,164
At 30 June 2016		186	1,014	769	1,969

15. Financial asset designated at fair value through profit or loss

	Group		Company	
	2016 \$'000	2015 \$'000	2016 \$'000	2015 \$'000
Quoted equity investment	–	60,858	–	60,858

As at 30 June 2015, the Group had a 9.13% 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.

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”).

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.

On 14 September 2015, the Group obtained shareholders’ approval in an Extraordinary General Meeting in relation to the sale of shares and a convertible note issued by CCBC (the “Disposal”) to Golden Meditech Holdings Limited (“Meditech”).

Notes to The Financial Statements

for the financial year ended 30 June 2016

15. Financial asset designated at fair value through profit or loss (cont'd)

The Group had agreed to sell to Meditech, the Group's financial asset designated at fair value through profit or loss, and a 7% senior unsecured convertible note due 3 October 2017 issued by CCBC to the Company in the principal amount of US\$25,000,000 (the "Convertible Note").

On 30 October 2015, the Company completed the disposal of the financial asset designated at fair value through profit or loss and a gain on sale of financial asset designated at fair value through profit or loss of \$151,000 was recognised (2015: \$Nil).

16. Available-for-sale asset

	Group		Company	
	2016 \$'000	2015 \$'000	2016 \$'000	2015 \$'000
Available-for-sale asset	4,200	–	4,200	–

On 1 February 2016, the Group purchased unquoted shares of CellResearch Corporation Pte. Ltd. at cost amounting to S\$4,200,000. The unquoted equities are classified as available-for-sale asset and are measured at cost as the shares do not have a quoted price in an active market and the fair value cannot be reliably measured.

17. Derivative asset

	Group		Company	
	2016 \$'000	2015 \$'000	2016 \$'000	2015 \$'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 due 3 October 2017 issued by CCBC to Meditech in the principal amount of US\$50 million (the "CCBC Note"). Under the terms of the acquisition, the Group will purchase 50% of the CCBC Note and Magnum will purchase the remaining 50% of the CCBC 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 US\$46,500,000. The loan to external party is recognised as non-current loans and receivables at amortised cost (Note 19).

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 Convertible Note, the Group may, at any time before the maturity of the Convertible Note, convert the principal amount of the Convertible Note into 8,809,020 fully paid shares in CCBC. The conversion price per share in CCBC under the Convertible 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 19) and a financial derivative asset respectively. As at 30 June 2015, the fair value of the derivative asset is \$37,971,000.

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 \$2,519,000 (2015: \$12,922,000) is recognised in profit or loss.

Notes to The Financial Statements

for the financial year ended 30 June 2016

17. Derivative asset (cont'd)

Foreign exchange gain on the derivative asset arising from fluctuation in the United States dollar against the Singapore dollar of \$1,939,000 (2015: \$967,000) is recognised in profit or loss.

On 13 November 2015, the Group completed the disposal of the CGL Note and recognised a gain on sale of convertible note of \$5,012,000 (2015: \$Nil).

18. Trade receivables

	Group		Company	
	2016 \$'000	2015 \$'000	2016 \$'000	2015 \$'000
Non-current				
Trade receivables	61,293	55,274	46,063	43,925
Less: Impairment loss	(783)	(668)	(528)	(467)
	<u>60,510</u>	<u>54,606</u>	<u>45,535</u>	<u>43,458</u>
Current				
Trade receivables	22,986	16,842	9,223	7,834
Less: Impairment loss	(1,976)	(1,586)	(560)	(556)
	<u>21,010</u>	<u>15,256</u>	<u>8,663</u>	<u>7,278</u>

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

The Company's current trade receivables are pledged to secure the Group's and the Company's interest-bearing borrowings (Note 28).

Non-current trade receivables represent cord blood and cord lining banking service revenues receivable under instalment 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.

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	
	2016 \$'000	2015 \$'000	2016 \$'000	2015 \$'000
At the beginning of the year	2,254	1,773	1,023	813
Charge for the year	325	489	65	210
Write back for the year	(28)	(8)	–	–
Write off for the year	(334)	–	–	–
Acquisition of subsidiary	580	–	–	–
Exchange differences	(38)	–	–	–
At the end of the year	<u>2,759</u>	<u>2,254</u>	<u>1,088</u>	<u>1,023</u>

Notes to The Financial Statements

for the financial year ended 30 June 2016

18. Trade receivables (cont'd)

Receivables that are past due but not impaired

The Group and the Company have trade receivables amounting to \$7,982,000 (2015: \$5,634,000) and \$3,501,000 (2015: \$2,130,000) 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 2015	5,634	1,406	856	596	2,776
30 June 2016	7,982	1,929	932	574	4,547
Company					
30 June 2015	2,130	526	291	172	1,141
30 June 2016	3,501	1,103	516	276	1,606

19. Other receivables

	Group		Company	
	2016 \$'000	2015 \$'000	2016 \$'000	2015 \$'000
Non-current				
Loan to external party (Note 17)	–	61,960	–	61,960
Bond receivable	4,200	34,493	4,200	34,493
Interest receivable on bond receivable	–	2,043	–	2,043
Deposit	105	–	–	–
Other receivables	12	17	12	17
	<u>4,317</u>	<u>98,513</u>	<u>4,212</u>	<u>98,513</u>
Current				
Interest receivable on loan to external party	–	594	–	594
Interest receivable on bond receivable	143	1,677	143	1,677
Interest receivable on fixed deposits	380	36	340	23
Other receivables	1,085	943	215	36
Reinsurance asset (Note 26)	63	–	–	–
Deposits	343	960	67	394
	<u>2,014</u>	<u>4,210</u>	<u>765</u>	<u>2,724</u>

Loan to external party has an interest rate of 7% 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 CCBC Note (Note 17). The loan was repaid during the current financial year upon the disposal of the CCBC Note.

For financial year ended 30 June 2015, 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. On 13 November 2015, the Group announced the completion of the disposal of the Convertible Note, together with the underlying bond receivable.

Notes to The Financial Statements

for the financial year ended 30 June 2016

19. Other receivables (cont'd)

Foreign exchange gain on loan to external party and bond receivable of \$2,821,000 (2015: \$2,355,000) and \$1,794,000 (2015: \$1,331,000) are recognised in profit or loss respectively.

In the financial year ended 30 June 2016, the Group subscribed for a Class A Redeemable Convertible Note ("RCN") maturing 3 years from the issue date on 1 February 2019 in the principal amount of S\$4,200,000 from CellResearch Corporation Pte. Ltd. The RCN bears interest rate of three month SIBOR plus 7% per annum payable annually in arrears. The financial instrument was bifurcated into a bond receivable and a conversion option. As at 30 June 2016, the fair value of the conversion option is \$nil.

20. Fixed deposits

	Group		Company	
	2016 \$'000	2015 \$'000	2016 \$'000	2015 \$'000
Unpledged fixed deposits	53,399	12,256	47,567	11,949
Pledged fixed deposits	324	320	–	–

As at 30 June 2016, the Group's unpledged fixed deposits will mature within two to twelve months (2015: six to twelve months) and bear interest at an effective rate of 1.4% (2015: 1.7%) per annum.

Pledged fixed deposits which will mature in December 2016 (2015: December 2015) and bear interest at an effective rate of 0.8% (2015: 0.7%) per annum are pledged to secure merchant credit card facilities.

21. Cash and cash equivalents

	Group		Company	
	2016 \$'000	2015 \$'000	2016 \$'000	2015 \$'000
Cash at bank and on hand	69,701	15,738	59,769	11,668

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	
	2016 \$'000	2015 \$'000	2016 \$'000	2015 \$'000
Singapore Dollar	186	117	–	–
Malaysian Ringgit	1,244	24	1,244	24
Swiss Franc	17	70	15	42
United States Dollar	7,702	2,181	7,700	2,170
Chinese Yuan	27	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.

Notes to The Financial Statements

for the financial year ended 30 June 2016

22. Short term investments

	Group		Company	
	2016 \$'000	2015 \$'000	2016 \$'000	2015 \$'000
<i>Held for trading</i>				
Unquoted debt investments	14,970	1,234	–	–

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

23. Inventories

	Group		Company	
	2016 \$'000	2015 \$'000	2016 \$'000	2015 \$'000
Consumables, at cost	1,057	851	429	347

Inventories recognised as an expense in cost of sales amount to \$4,680,000 (2015: \$4,767,000).

24. Amounts owing by/(to) subsidiaries

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

25. Trade and other payables

	Group		Company	
	2016 \$'000	2015 \$'000	2016 \$'000	2015 \$'000
<i>Current</i>				
Trade payables	3,862	2,856	600	1,728
Other payables	5,136	3,130	2,135	1,259
Accrued expenses	3,319	2,031	2,171	1,222
Accrued interest payable	546	999	546	999
Accrual for salaries and bonuses	658	2,581	270	1,819
	<u>13,521</u>	<u>11,597</u>	<u>5,722</u>	<u>7,027</u>
<i>Non-current</i>				
Other payables	<u>86</u>	<u>1,306</u>	<u>–</u>	<u>1,306</u>

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.

Notes to The Financial Statements

for the financial year ended 30 June 2016

26. Insurance contract liabilities

	Group		Company	
	2016	2015	2016	2015
At 1 July	–	–	–	–
Change in insurance liabilities during the year	1,056	–	–	–
At 30 June	<u>1,056</u>	<u>–</u>	<u>–</u>	<u>–</u>

Insurance liabilities represent outstanding claim liability and liability for expected future claims to be incurred as a result of the Group entering into new insurance arrangement with customers during the year. As at 30 June 2016, the outstanding claims liability amounted to \$63,000, which is reinsured by an annual renewable reinsurance agreement effective for the financial year. Reinsurance asset of \$63,000 is recognised under other receivables (see Note 19) as at 30 June 2016.

27. Deferred revenue

Deferred revenue represents revenue received in advance for services to be rendered under cord blood and cord lining banking contracts which have a tenure of 18 to 25 years.

28. Interest-bearing borrowings

	Group		Company	
	2016 \$'000	2015 \$'000	2016 \$'000	2015 \$'000
Current liabilities				
Short-term loans:				
Loan II	–	3,500	–	3,500
Current portion of long-term loans:				
Loan I	277	306	277	306
Loan IV	1,167	–	1,167	–
Loan III	680	680	680	680
Total current liabilities	<u>2,124</u>	<u>4,486</u>	<u>2,124</u>	<u>4,486</u>
Non-current liabilities				
Non-current portion of long-term loans:				
Loan I	5,049	5,315	5,049	5,315
Loan IV	2,333	–	2,333	–
Loan III	1,360	2,040	1,360	2,040
Total non-current liabilities	<u>8,742</u>	<u>7,355</u>	<u>8,742</u>	<u>7,355</u>

Loan I

Loan I comprises a SGD bank loan drawn down on 1 July 2011 under an approved \$6,450,000 loan facility secured by a first mortgage over the Group's leasehold building (Note 12) and investment properties (Note 13) and a charge over all current trade receivables of the Company (Note 18). 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 over 240 monthly instalments.

Notes to The Financial Statements

for the financial year ended 30 June 2016

28. Interest-bearing borrowings (cont'd)

Loan II

Loan II comprises 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) and a charge over all current trade receivables of the Company (Note 18). Interest rate is fixed at 1.50% + 1-month Swap Offer Rate. The loan is repayable on demand. Loan II expired on 1 July 2015 and was repaid in full.

Loan III

Loan III comprises a SGD bank loan drawn down on 18 November 2014 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) and a charge over all current trade receivables of the Company (Note 18). Interest rate is fixed at 1.50% + 1-month Swap Offer Rate. The loan is repayable over 5 annual instalments.

Loan IV

Loan IV comprises a SGD bank loan drawn down on 1 July 2015 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) and a charge over all current trade receivables of the Company (Note 18). Interest rate is fixed at 1.50% + 1-month Swap Offer Rate. The loan is repayable over 3 annual instalments.

29. 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.

On 16 December 2015, 6 January 2016 and 28 January 2016, the Group announced that it had repurchased S\$51,750,000 (2015: \$Nil) in principal amount of the Notes (the "Repurchased Notes"). The difference of \$2,025,000 between the repurchase consideration and the carrying value of the Notes was recorded as "Notes repurchase expense" in profit or loss. Following the settlement, the Repurchased Notes were cancelled on 6 April 2016, and the remaining outstanding aggregate principal amount of the Notes following the cancellation of the Repurchased Notes would be S\$68,250,000.

Interest expense on the Notes of \$5,322,000 (2015: \$4,597,000) is recognised in profit or loss.

Notes to The Financial Statements

for the financial year ended 30 June 2016

30. Deferred tax assets/liabilities

	Group				Company	
	Consolidated statement of financial position		Consolidated statement of comprehensive income		Statement of financial position	
	2016 \$'000	2015 \$'000	2016 \$'000	2015 \$'000	2016 \$'000	2015 \$'000
Deferred tax liabilities						
Differences in depreciation for tax purposes	169	127	(39)	(121)	105	105
Unrealised share of other income from associate	(29)	(36)	(7)	18	–	–
Under provision in respect of previous years	–	–	–	6	–	–
Fair value adjustment on acquisition of subsidiary	3,933	–	–	–	–	–
	<u>4,073</u>	<u>91</u>			<u>105</u>	<u>105</u>
Deferred tax asset						
Unutilised tax losses	<u>220</u>	<u>–</u>	220	–	<u>220</u>	<u>–</u>
	<u>220</u>	<u>–</u>			<u>220</u>	<u>–</u>
Deferred tax expense			<u>174</u>	<u>(97)</u>		

Unrecognised tax losses

At the end of the reporting period, the Group has tax losses of approximately \$2,440,000 (2015: \$7,084,000) 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 (2015: \$Nil) relating to investments in subsidiaries.

Tax consequences of proposed dividends

There are no income tax consequences (2015: \$Nil) attached to the dividends to the shareholders proposed by the Company but not recognised as a liability in the financial statements (Note 41).

Notes to The Financial Statements

for the financial year ended 30 June 2016

31. Share capital and treasury shares

(a) *Share capital*

	Group and Company			
	2016		2015	
	No. of shares '000	\$'000	No. of shares '000	\$'000
Issued and fully paid:				
<i>Ordinary shares</i>				
At 1 July	267,525	96,657	267,525	96,657
Reissuance of treasury shares pursuant to equity compensation plan	–	15	–	–
At 30 June	<u>267,525</u>	<u>96,672</u>	<u>267,525</u>	<u>96,657</u>

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

(b) *Treasury shares*

	Group and Company			
	2016		2015	
	No. of shares '000	\$'000	No. of shares '000	\$'000
At 1 July	(8,228)	(9,901)	(3,422)	(3,898)
Acquired during the financial year	–	–	(4,806)	(6,003)
Reissuance of treasury shares pursuant to equity compensation plan	61	73	–	–
At 30 June	<u>(8,167)</u>	<u>(9,828)</u>	<u>(8,228)</u>	<u>(9,901)</u>

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

The Company did not acquire any (2015: 4,806,000) shares in the Company through purchase of its own shares during the financial year. In the prior financial year, the total amount paid to acquire the shares was \$6,003,000 and this was presented as a component within equity.

Notes to The Financial Statements

for the financial year ended 30 June 2016

32. Other reserves

Share-based compensation reserve

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

Capital reserve

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

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

Merger reserve

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

Acquisition reserve

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

Foreign currency translation reserve

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

Notes to The Financial Statements

for the financial year ended 30 June 2016

33. 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 2016 and 2015.

Operating lease commitments – as lessee

The Group leases office space under non-cancellable lease arrangements which have remaining lease terms ranging from 4 months to 7 years (2015: 3 months to 14 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	
	2016 \$'000	2015 \$'000	2016 \$'000	2015 \$'000
Within one year	1,085	897	210	–
After one year but not more than five years	2,252	2,654	207	–
More than five years	144	1,032	–	–
	<u>3,481</u>	<u>4,583</u>	<u>417</u>	<u>–</u>

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 up to 3 years (2015: up to 2 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	
	2016 \$'000	2015 \$'000	2016 \$'000	2015 \$'000
Within one year	150	129	144	129
After one year but not more than five years	212	25	209	25
More than five years	–	–	–	–
	<u>362</u>	<u>154</u>	<u>353</u>	<u>154</u>

34. Investment in subsidiaries

	Company	
	2016 \$'000	2015 \$'000
Unquoted equity shares, at cost	54,656	21,304
Less: Impairment loss	(270)	(270)
	<u>54,386</u>	<u>21,034</u>

Notes to The Financial Statements

for the financial year ended 30 June 2016

34. Investment in subsidiaries (cont'd)

Name of company	Country of incorporation	Principal activities	Percentage of equity held	
			2016	2015
			%	%
<i>Held by the Company:</i>				
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
Cordlife Stem Cell Technology Limited ¹	Hong Kong	Cord lining banking services	100	100
Stemlife Berhad ⁶	Malaysia	Cord blood and cord lining banking services	89.88	31.81
<i>Held by CS Cell Technologies Pte Ltd</i>				
Cordlife Sciences (India) Pvt. Ltd. ⁴	India	Cord blood and cord lining banking services	99.99	85
Cordlife Medical Phils., Inc ⁵	Philippines	Cord blood and cord lining banking services	99.99	99.99
PT. Cordlife Persada ⁷	Indonesia	Cord blood and cord lining banking services	67	67
<i>Held by Cordlife Stem Cell Technology Limited</i>				
Hong Kong Screening Centre Limited ¹	Hong Kong	Newborn screening for metabolic disorders	67	67

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 Audited by Ernst & Young, Kuala Lumpur

⁷ Not required for statutory audit

⁸ As at 30 June 2015, the investment in Stemlife Berhad was classified as an associate (Note 11)

Notes to The Financial Statements

for the financial year ended 30 June 2016

34. Investment in subsidiaries (cont'd)

Name of company	Country of incorporation	Principal activities	Percentage of equity held	
			2016	2015
			%	%
<i>Held by Stemlife Berhad</i>				
Stemlife Properties Sdn. Bhd. ⁶	Malaysia	Property investment company	89.88	31.81
Stemlife Therapeutics Sdn. Bhd. ⁶	Malaysia	Cord lining banking services	89.88	31.81
SL Diagnostics Sdn. Bhd. ⁶	Malaysia	Dormant	89.88	31.81
Stemlife Logistics Sdn. Bhd. ⁶	Malaysia	Dormant	89.88	31.81
StemVet Sdn. Bhd. ⁶	Malaysia	Dormant	–	31.81
Stemlife Pte. Ltd. ⁹	Singapore	Management services	89.88	–

⁶ Audited by Ernst & Young, Kuala Lumpur

⁸ As at 30 June 2015, the investment in Stemlife Berhad was classified as an associate (Note 11)

⁹ Incorporated on 23 November 2015, the subsidiary has not completed a full financial year and has not yet appointed its auditor

Acquisition of subsidiaries

Cordlife Sciences (India) Pvt. Ltd.

On 12 October 2015, the Group's subsidiary, CS Cell Technologies Pte. Ltd., acquired an additional 14.99% of equity interest in its 85% owned subsidiary, Cordlife Sciences (India) Pvt. Ltd. for S\$891,000.

Stemlife Berhad

On 12 November 2015, the Group served a notice of conditional mandatory take-over offer (the "Offer") on the board of directors of Stemlife to acquire all the remaining ordinary shares of RM0.10 each in the capital of Stemlife not already owned by the Company.

The Group obtained control of Stemlife on 7 December 2015 with an interest in Stemlife of approximately 50.03%. Subsequent to gaining control, the Group continued to receive acceptances to the offer and acquired shares in Stemlife up to the close of the Offer on 2 February 2016. At the close of offer, the Group obtained 39.85% interest from the non-controlling interests in Stemlife to arrive at a total interest in Stemlife of 89.88% (the "Acquisition").

The Acquisition will enable Cordlife 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.

Notes to The Financial Statements

for the financial year ended 30 June 2016

34. Investment in subsidiaries (cont'd)

Acquisition of subsidiaries (cont'd)

The fair values of the identifiable assets and liabilities of the subsidiary acquired are as follows:

	Fair value recognised on acquisition \$'000
Property, plant and equipment (Note 12)	1,698
Investment property (Note 13)	5,577
Intangible assets (Note 14)	3,678
Trade receivables	2,765
Other receivables and prepayments	270
Inventories	132
Short-term investments	12,423
Cash and cash equivalents	7,856
Fixed deposits	2,822
Trade and other payables	(2,519)
Deferred revenue	(9,739)
Deferred tax liabilities	(3,940)
Net identifiable assets at fair value	21,023
Less: Non-controlling interests measured at non-controlling interest's proportionate share of net assets	(2,126)
Premium paid on acquisition of non-controlling interest recognised in other reserve	6,222
Goodwill arising from acquisition (Note 14)	7,924
	33,043
<u>Consideration transferred for the acquisition of Stemlife</u>	
Cash paid	21,297
Fair value of equity interest in Stemlife held by the Group immediately before the acquisition	11,746
	33,043
<u>Effect of the acquisition of Stemlife on cash flows</u>	
Cash paid	21,297
Less: cash and cash equivalents acquired	(7,856)
Net cash outflow on acquisition	13,441

Transaction costs

Transaction costs related to the Acquisition of \$308,000 have been recognised in the "Administrative expenses" line item in the Group's profit or loss for the year ended 30 June 2016.

Notes to The Financial Statements

for the financial year ended 30 June 2016

34. Investment in subsidiaries (cont'd)

Acquisition of subsidiaries (cont'd)

Remeasurement loss on previously held equity interest in Stemlife Berhad

The Group recognised a loss of \$1,594,000 as a result of measuring at fair value its 31.81% equity interest in Stemlife held before the business combination in the profit or loss for the year ended 30 June 2016.

Goodwill arising from acquisition

The goodwill of \$7,924,000 comprises the value of strengthening the Group's market position in the Asia region and cost reduction synergies expected to arise from the acquisition. Goodwill is allocated to the entity acquired (Note 14). None of the goodwill recognised is expected to be deductible for income tax purposes.

Impact of the acquisition on comprehensive income

From the acquisition date, Stemlife has contributed \$3,456,000 of revenue and \$257,000 of losses to the Group's profit for the year. If the business combination had taken place at the beginning of the year, the Group's revenue and profit for the year would have been \$62,338,000 and \$12,694,000 respectively.

Customer contracts and brand

Customer contracts and brand have been identified as intangible assets arising from the Acquisition. The Group has engaged an independent valuer to determine the fair value of these intangible assets.

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	(Gain)/loss allocated to NCI during the reporting period \$'000	Accumulated NCI at the end of reporting period \$'000	Dividends paid to NCI \$'000
30 June 2016:					
Stemlife Berhad	Malaysia	10.02%	(28)	(2,110)	–
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.

Notes to The Financial Statements

for the financial year ended 30 June 2016

34. Investment in subsidiaries (cont'd)

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:

	Stemlife Berhad 2016 \$'000	Cordlife Sciences (India) Pvt. Ltd. 2015 \$'000
Summarised statement of financial position		
Current		
Assets	27,600	7,605
Liabilities	(13,223)	(4,746)
Net current assets	14,377	2,859
Non-current		
Assets	18,006	2,669
Liabilities	(3,933)	(3,075)
Net non-current assets/(liabilities)	14,073	(406)
Net assets	28,450	2,453
Summarised statement of comprehensive income		
Revenue	3,456	12,588
Loss before income tax	(272)	(1,679)
Income tax credit	15	-
Loss for the year, representing total comprehensive loss for the year	(257)	(1,679)
Other financial information		
Net cash flows generated from/(used in) operations	214	(2,903)
Acquisition of significant property, plant and equipment	217	861

35. Employee benefits expense

	Group	
	2016 \$'000	2015 \$'000
Salaries, bonuses and other short-term benefits	17,513	14,559
Central Provident Fund contributions	1,222	919
Share-based compensation expense (Cordlife Share Grant Plan)	102	108
	18,837	15,586

These include the amount shown as key management personnel compensation in Note 36(b).

Notes to The Financial Statements

for the financial year ended 30 June 2016

35. Employee benefits expense (cont'd)

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:

Performance Share Award

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

Restricted Share Award

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

Deferred Share Award

Plan Description	One-time award of fully-paid ordinary shares of the Company, conditional upon satisfaction of a three-year service period based on medium-term Group and Company objectives of retaining key management important to the Group's leadership pipeline and Company's current operations.
Performance Conditions	Service period beginning 15 April 2016 to 30 June 2019.
Vesting Conditions	The Award will vest in equal tranches with Vesting Dates of 1 July in 2017, 2018 and 2019, provided service-based conditions are met, in accordance with the rules of the Plan.
Payout	0%-100% depending on the service period.

Notes to The Financial Statements

for the financial year ended 30 June 2016

35. Employee benefits expense (cont'd)

Cordlife Share Grant Plan (cont'd)

Movement of share awards during the year

	Group	
	2016	2015
	No. of shares	
Outstanding at 1 July	316,500	138,300
- Granted	859,900	178,200
- Awarded	(61,000)	-
- Cancelled	(658,900)	-
Outstanding at 30 June	456,500	316,500

The expense recognised in profit or loss for employee services received under the Cordlife Share Grant Plan during the financial year ended 30 June 2016 is \$102,000 (2015: \$108,000).

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:

	2016	2015
Expected dividend yield (%)	6.6	2.4
Expected volatility (%)	34.09	34.18
Risk-free interest rate (%)	0.44 to 0.84	0.20 to 0.47
Expected term (years)	2	2
Share price at date of grant (\$)	1.445	0.880

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 \$1.923 (2015: \$0.289).

Notes to The Financial Statements

for the financial year ended 30 June 2016

36. 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	
	2016 \$'000	2015 \$'000
Fees for providing training and technical know-how transfer to associate	44	106
Royalty income from associate	48	101

- (b) Compensation of key management personnel

	Group	
	2016 \$'000	2015 \$'000
Salaries and bonuses	4,041	1,792
Defined contribution plans	128	86
Other short-term benefits	314	162
Share-based compensation	102	108
Directors' fees	1,493	532
	<u>6,078</u>	<u>2,680</u>
Comprise amounts paid to:		
Directors of the Company	3,792	1,530
Other key management personnel	2,286	1,150
	<u>6,078</u>	<u>2,680</u>

37. 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 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.

Notes to The Financial Statements

for the financial year ended 30 June 2016

37. Financial risk management (cont'd)

Credit risk (cont'd)

As at 30 June 2016, the Group has bond receivable of \$4,200,000 (2015: \$34,493,000). In the prior financial year ended 30 June 2015, the Group has a loan of \$61,960,000 due from one external party. This was fully repaid in the current financial year. Details are disclosed in Note 19 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 18.

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 (2015: 75) basis points lower/higher with all other variables held constant, the Group's profit net of tax would have been \$81,000 (2015: \$74,000) higher/lower, arising mainly as a result of lower/higher interest expense on floating rate interest-bearing borrowings.

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 \$123,100,000 (2015: \$27,994,000). Hence, the Group's exposure to liquidity risk is minimal.

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 \$385,000 (2015: \$10,089,000) higher/lower, arising as a result of higher/lower revaluation gains on financial assets denominated in USD.

Notes to The Financial Statements

for the financial year ended 30 June 2016

38. Fair value of assets and liabilities

(a) Fair value hierarchy

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

Level 1 – Quoted prices (unadjusted) in active markets for identical assets or liabilities

Level 2 – Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices), and

Level 3 – Inputs for the asset or liability that are not based on observable market data (unobservable inputs)

(b) 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			Total \$'000
	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	
Group				
2016				
Recurring fair value measurements				
Assets				
Financial assets:				
<u>Held for trading investments</u>				
- Unquoted debt investments (Note 22)	–	14,970	–	14,970
Financial assets as at 30 June 2016	–	14,970	–	14,970
Non-financial asset:				
<u>Investment properties</u>				
- Commercial properties (Note 13)	–	9,152	–	9,152
Non-financial asset as at 30 June 2016	–	9,152	–	9,152

Notes to The Financial Statements

for the financial year ended 30 June 2016

38. Fair value of assets and liabilities (cont'd)

(b) *Assets and liabilities measured at fair value (cont'd)*

	Fair value measurements at the end of the reporting period using			Total \$'000
	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	
Group				
2015				
Recurring fair value measurements				
Assets				
Financial assets:				
<u>Financial asset designated at fair value through profit or loss</u>				
- Quoted equity investment (Note 15)	60,858	-	-	60,858
<u>Held for trading investments</u>				
- Unquoted debt investments (Note 22)	-	1,234	-	1,234
<u>Derivative</u>				
Derivative asset (Note 17)	-	37,971	-	37,971
Financial assets as at 30 June 2015	60,858	39,205	-	100,063
Non-financial asset:				
<u>Investment properties</u>				
- Commercial properties (Note 13)	-	3,795	-	3,795
Non-financial asset as at 30 June 2015	-	3,795	-	3,795
Company				
2016				
Recurring fair value measurements				
Non-financial asset:				
<u>Investment properties</u>				
- Commercial properties (Note 13)	-	3,590	-	3,590
Non-financial asset as at 30 June 2016	-	3,590	-	3,590

Notes to The Financial Statements

for the financial year ended 30 June 2016

38. Fair value of assets and liabilities (cont'd)**(b) Assets and liabilities measured at fair value (cont'd)**

	Fair value measurements at the end of the reporting period using			Total \$'000
	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	
Company				
2015				
Recurring fair value measurements				
Assets				
Financial assets:				
<u>Financial asset designated at fair value through profit or loss</u>				
- Quoted equity investment (Note 15)	60,858	-	-	60,858
<u>Derivative</u>				
Derivative asset (Note 17)	-	37,971	-	37,971
Financial assets as at 30 June 2015	60,858	37,971	-	98,829
Non-financial asset:				
<u>Investment properties</u>				
- Commercial properties (Note 13)	-	3,795	-	3,795
Non-financial asset as at 30 June 2015	-	3,795	-	3,795

(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.

Derivative asset

The Black-Scholes option pricing model was 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.

Notes to The Financial Statements

for the financial year ended 30 June 2016

38. Fair value of assets and liabilities (cont'd)

(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			Total \$'000	Carrying Amount \$'000
	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		
Group					
2016					
Recurring fair value measurements					
Assets					
- Leasehold building (Note 12)	–	7,040	–	7,040	8,677
Assets as at 30 June 2016	–	7,040	–	7,040	8,677
2015					
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
Company					
2016					
Recurring fair value measurements					
Assets					
- Leasehold building (Note 12)	–	5,810	–	5,810	5,066
Assets as at 30 June 2016	–	5,810	–	5,810	5,066
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

Determination of fair value

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.

Notes to The Financial Statements

for the financial year ended 30 June 2016

38. Fair value of assets and liabilities (cont'd)

- (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*

Available-for-sale asset, which comprises unquoted equity, is stated at cost because the shares do not have a quoted price in an active market and the fair value cannot be reliably measured.

- (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, excluding convertible bond receivable, 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.

The carrying amount of note payables bear interest coupon at fixed rates which approximate market rates. Accordingly, their notional amounts approximate their fair values.

39. Classification of financial instruments

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

	2016 \$'000	2015 \$'000
Group		
Financial assets		
<i>Loans and receivables:</i>		
Trade receivables	81,520	69,862
Other receivables	6,331	102,723
Fixed deposits	53,723	12,576
Cash and cash equivalents	69,701	15,738
	<u>211,275</u>	<u>200,899</u>
<i>Fair value through profit or loss:</i>		
Short term investments	14,970	1,234
Financial asset designated at fair value through profit or loss	–	60,858
Derivative asset	–	37,971
	<u>14,970</u>	<u>100,063</u>

Notes to The Financial Statements

for the financial year ended 30 June 2016

39. Classification of financial instruments (cont'd)

	2016 \$'000	2015 \$'000
Group (cont'd)		
Financial assets at cost, less impairment		
Available for sale	4,200	–
	<u>4,200</u>	<u>–</u>
Financial liabilities		
Liabilities at amortised cost:		
Trade and other payables	13,607	12,903
Insurance contract liabilities	1,056	–
Interest-bearing borrowings	10,866	11,841
Notes payable	67,403	117,463
	<u>92,932</u>	<u>142,207</u>
Company		
Financial assets		
Loans and receivables:		
Trade receivables	54,198	50,736
Fixed deposits	47,567	11,949
Cash and cash equivalents	59,769	11,668
Other receivables	4,977	101,237
Amounts owing by subsidiaries	14,022	11,368
	<u>180,533</u>	<u>186,958</u>
Fair value through profit or loss:		
Financial asset designated at fair value through profit or loss	–	60,858
Derivative asset	–	37,971
	<u>–</u>	<u>98,829</u>
Financial assets at cost, less impairment		
Available for sale	4,200	–
	<u>4,200</u>	<u>–</u>
Financial liabilities		
Liabilities at amortised cost:		
Trade and other payables	5,722	8,333
Amounts owing to subsidiaries	15,052	25,090
Interest-bearing borrowings	10,866	11,841
Notes payable	67,403	117,463
	<u>99,043</u>	<u>162,727</u>

Notes to The Financial Statements

for the financial year ended 30 June 2016

40. 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 are 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, non-invasive prenatal testing service and Eyescreen, a non-invasive paediatric eye-screening service.

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 2016				
Revenue from external customers	59,095	532	–	59,627
Total consolidated revenue				<u>59,627</u>
Year ended 30 June 2015				
Revenue from external customers	57,436	103	44	57,583
Total consolidated revenue				<u>57,583</u>

* 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 2016

40. Segment reporting (cont'd)

Segment results

	Banking \$'000	Diagnostics \$'000	Others* \$'000	Total \$'000
Year ended 30 June 2016				
Depreciation and amortisation	(2,476)	(39)	–	(2,515)
Share of results of associate	(76)	–	–	(76)
Segment profit/(loss)	1,645	(58)	–	1,587
Fair value gain on investment properties				(220)
Fair value changes on financial asset designated at fair value through profit or loss				4,548
Fair value changes on derivative asset				2,519
Exchange differences				6,014
Gain on sale of financial asset designated at fair value through profit or loss				151
Gain on sale of convertible note				5,012
Remeasurement loss on previously held equity interest in subsidiary				(1,594)
Other expenses				(2,409)
Finance income				5,346
Finance costs				(5,589)
Note repurchase expense				(2,025)
Profit before income tax				13,340
Income tax				(760)
Profit for the year				12,580
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

* Others refer 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 2016

40. Segment reporting (cont'd)*Segment assets and liabilities*

	Banking \$'000	Diagnostics \$'000	Others* \$'000	Total \$'000
Year ended 30 June 2016				
Additions to non-current assets, comprising additions to property, plant and equipment and intangible assets	5,412	–	–	5,412
Segment assets	284,162	306	946	285,414
Available-for-sale asset				4,200
Bond receivable and interest receivable on bond receivable (Note 19)				4,343
Investment properties				9,152
Deferred tax asset				220
Eliminations ⁺				(32,759)
Per consolidated financial statements				<u>270,570</u>
Segment liabilities	86,568	504	11,370	98,442
Notes payable				67,403
Tax payables				592
Deferred tax liabilities				4,073
Eliminations ⁺				(32,695)
Per consolidated financial statements				<u>137,815</u>
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 19)				62,554
Bond receivable and interest receivable on bond receivable (Note 19)				38,213
Investment properties				3,795
Eliminations ⁺				(39,828)
Per consolidated financial statements				<u>332,963</u>
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				<u>171,017</u>

+ 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 2016

40. Segment reporting (cont'd)

Geographical Information

	Revenue		Non-current assets	
	2016	2015	2016	2015
	\$'000	\$'000	\$'000	\$'000
Singapore	29,432	33,387	12,501	12,172
Hong Kong	4,853	4,770	784	776
India	12,214	12,583	4,153	1,595
Malaysia	3,456	–	18,430	13,543
Others	9,672	6,843	1,260	1,362
	<u>59,627</u>	<u>57,583</u>	<u>37,128</u>	<u>29,448</u>

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

41. Dividends

	Group and Company	
	2016	2015
	\$'000	\$'000
<i>Declared and paid during the financial year:</i>		
<i>Dividends on ordinary shares:</i>		
Interim exempt (one-tier) dividend for 2016: Nil (2015: 1.0 cent) per share	–	2,593
Final exempt (one-tier) dividend for 2015: 1.0 cent (2014: 1.0 cent) per share	2,593	2,593
Special interim exempt (one-tier) dividend for 2016: 13.0 cents (2015: Nil) per share	33,709	–
	<u>36,302</u>	<u>5,186</u>
<i>Dividends on ordinary shares, subject to shareholders' approval at the AGM:</i>		
Final exempt (one-tier) dividend for 2016: Nil (2015: 1.0 cent) per share	–	2,593

42. Capital management

Capital comprises equity attributable to owners of the Company.

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

The Group manages its capital structure and makes adjustment to it, in the light of changes in economic conditions. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. The Group is not subject to any externally imposed capital requirements. No changes were made in the objectives, policies or processes during the years ended 30 June 2016 and 2015.

Notes to The Financial Statements

for the financial year ended 30 June 2016

42. Capital management (cont'd)

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	
	2016	2015
	\$'000	\$'000
Interest-bearing borrowings	10,866	11,841
Notes payable	67,403	117,463
	78,269	129,304
Equity attributable to owners of the Company	130,689	162,406
Total debt to total equity ratio	59.89%	79.62%

43. Authorisation of financial statements for issue

The financial statements for the financial year ended 30 June 2016 were authorised for issue in accordance with a resolution of the directors on 6 October 2016.

Statistics of Shareholdings

As at 13 September 2016

Class of equity securities : Ordinary Shares
Number of equity securities : 259,358,354 ordinary shares
Voting rights : One vote per share
Number of treasury shares : 8,167,000 ordinary shares

STATISTICS OF SHAREHOLDERS

Size of Holdings	Shareholders	% ⁽¹⁾	No. of Shares	% ⁽¹⁾
1 - 99	13	0.65	249	0.00
100 - 1,000	176	8.80	133,031	0.05
1,001 - 10,000	1,289	64.45	7,321,145	2.82
10,001 - 1,000,000	507	25.35	27,231,631	10.50
1,000,001 and above	15	0.75	224,672,298	86.63
	2,000	100.00	259,358,354	100.00

SUBSTANTIAL SHAREHOLDERS AS AT 13 SEPTEMBER 2016

(As recorded in the Register of Substantial Shareholders)

Substantial Shareholders	Direct		Deemed	
	Number of Shares	% of total issued Shares ⁽¹⁾	Number of Shares	% of total issued Shares ⁽¹⁾
China Stem Cells (East) Company Limited	25,516,666	9.84	–	–
China Stem Cells Holdings Limited	–	–	25,516,666 ⁽²⁾	9.84
China Cord Blood Services Corporation	–	–	25,516,666 ⁽³⁾	9.84
China Cord Blood Corporation	–	–	25,516,666 ⁽⁴⁾	9.84
Golden Meditech Stem Cells Company Limited	–	–	25,516,666 ⁽⁵⁾	9.84
Golden Meditech Holdings Limited	–	–	25,516,666 ⁽⁶⁾	9.84
Coop International Pte. Ltd.	29,042,000	11.20	–	–
Bonvests Holdings Limited	–	–	29,042,000 ⁽⁷⁾	11.20
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	–	–	17,904,300 ⁽¹³⁾	6.90
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
Vcanland Holding Group Company Limited	–	–	18,133,000 ⁽²⁰⁾	6.99

Statistics of Shareholdings

As at 13 September 2016

Substantial Shareholders	Direct		Deemed	
	Number of Shares	% of total issued Shares ⁽¹⁾	Number of Shares	% of total issued Shares ⁽¹⁾
Li Defu			18,133,000 ⁽²¹⁾	6.99
Kunlum Investment Holding Limited	55,509,400	21.40	–	–
LH Capital I Limited	–	–	55,509,400 ⁽²²⁾	21.40
LH Partner Assets Limited	–	–	55,509,400 ⁽²³⁾	21.40
Shanghai Yuanzhan Haolin Investment L.P.	–	–	55,509,400 ⁽²⁴⁾	21.40
Lighthouse Capital Management, LLC	–	–	55,509,400 ⁽²⁵⁾	21.40
Hu Minglie	–	–	55,509,400 ⁽²⁶⁾	21.40
Yu Yuesu	–	–	55,509,400 ⁽²⁷⁾	21.40
Li Zhe	–	–	55,509,400 ⁽²⁸⁾	21.40
Huangpu Investment Holding Limited	–	–	55,509,400 ⁽²⁹⁾	21.40
China Huarong International Holdings Limited	–	–	55,509,400 ⁽³⁰⁾	21.40
Huarong Real Estate Co., Ltd.	–	–	55,509,400 ⁽³¹⁾	21.40
China Huarong Asset Management Co., Ltd.	–	–	55,509,400 ⁽³²⁾	21.40
Nanjing Xinjiekou Department Store Co., Ltd.	–	–	51,870,000 ⁽³³⁾	20.00

Notes:

- (1) As a percentage of the issued share capital of the Company (excluding the 8,167,000 Shares held as treasury shares), comprising 259,358,354 Shares as at the Latest Practicable Date.
- (2) Based on the Form 3 (Notification Form for Substantial Shareholder(s)/Unitholder(s) in respect of Interests in Securities) received by the Company on 17 November 2014, China Stem Cells Holdings Limited (“CSCHL”) is the sole shareholder of China Stem Cells (East) Company Limited (“CSCECL”) and is therefore deemed to be interested in the Shares held by CSCECL by virtue of Section 4 of the SFA.
- (3) Based on the Form 3 (Notification Form for Substantial Shareholder(s)/Unitholder(s) in respect of Interests in Securities) received by the Company on 17 November 2014, China Cord Blood Services Corporation (“CCBSC”) is the sole shareholder of CSCHL and is therefore deemed to be interested in the Shares held by CSCECL by virtue of Section 4 of the SFA.
- (4) Based on the Form 3 (Notification Form for Substantial Shareholder(s)/Unitholder(s) in respect of Interests in Securities) received by the Company on 17 November 2014, 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) Based on the Form 3 (Notification Form for Substantial Shareholder(s)/Unitholder(s) in respect of Interests in Securities) received by the Company on 17 November 2014, Golden Meditech Stem Cells Company Limited (“GMSCL”) holds approximately 42.03% equity interest in CCBC and is therefore deemed to be interested in the Shares held by CSCECL by virtue of Section 4 of the SFA.
- (6) Based on the Form 3 (Notification Form for Substantial Shareholder(s)/Unitholder(s) in respect of Interests in Securities) received by the Company on 17 November 2014, Golden Meditech Holdings Limited is the sole shareholder of GMSCL and is therefore deemed to be interested in the Shares held by CSCECL by virtue of Section 4 of the SFA.
- (7) Based on the Form 3 (Notification Form for Substantial Shareholder(s)/Unitholder(s) in respect of Interests in Securities) received by the Company on 20 April 2016, 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) Based on the Form 3 (Notification Form for Substantial Shareholder(s)/Unitholder(s) in respect of Interests in Securities) received by the Company on 17 November 2014, 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) Based on the Form 3 (Notification Form for Substantial Shareholder(s)/Unitholder(s) in respect of Interests in Securities) received by the Company on 17 November 2014, 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) Based on the Form 3 (Notification Form for Substantial Shareholder(s)/Unitholder(s) in respect of Interests in Securities) received by the Company on 17 November 2014, Tai Tak Estates Sdn Bhd (“TTESD”) 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.

Statistics of Shareholdings

As at 13 September 2016

- (11) Based on the Form 3 (Notification Form for Substantial Shareholder(s)/Unitholder(s) in respect of Interests in Securities) received by the Company on 17 November 2014, SG Investments Pte Ltd ("**SGIPL**") is a shareholder of TTESD and is deemed to be interested in the Shares held by WSPL and PIPL by virtue of Section 4 of the SFA.
- (12) Based on the Form 3 (Notification Form for Substantial Shareholder(s)/Unitholder(s) in respect of Interests in Securities) received by the Company on 17 November 2014, Ho Han Leong Calvin is deemed to be interested in the Shares held by WSPL and PIPL as he is a shareholder of SGIPL and TTESD.
- (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 Partners L.P. is deemed interested in the Shares held by FIL Limited.
- (14) Based on the Form 3 (Notification Form for Substantial Shareholder(s)/Unitholder(s) in respect of Interests in Securities) received by the Company on 16 September 2015, Shanghai Dunheng Capital Management Co., Ltd ("**SDCMCL**") is the sole shareholder of Robust Plan Limited ("**RPL**") and is therefore deemed to be interested in the Shares held by RPL by virtue of Section 4 of the SFA.
- (15) Based on the Form 3 (Notification Form for Substantial Shareholder(s)/Unitholder(s) in respect of Interests in Securities) received by the Company on 16 September 2015, Jiaxing Huiling No. 3 Investment Partnership (Limited Partnership) ("**JX No.3**") is the sole shareholder of SDCMCL and is therefore deemed to be interested in the Shares held by RPL by virtue of Section 4 of the SFA.
- (16) Based on the Form 3 (Notification Form for Substantial Shareholder(s)/Unitholder(s) in respect of Interests in Securities) received by the Company on 16 September 2015, Minsheng (Shanghai) Asset Management Co., Ltd. ("**MSAMCL**") holds 99.95% equity interest in JX No.3 and is therefore deemed to be interested in the Shares held by RPL by virtue of Section 4 of the SFA.
- (17) Based on the Form 3 (Notification Form for Substantial Shareholder(s)/Unitholder(s) in respect of Interests in Securities) received by the Company on 16 September 2015, China Minsheng Investment Corp., Ltd ("**CMICL**") is the sole shareholder of MSAMCL and is therefore deemed to be interested in the Shares held by RPL by virtue of Section 4 of the SFA.
- (18) Based on the Form 3 (Notification Form for Substantial Shareholder(s)/Unitholder(s) in respect of Interests in Securities) received by the Company on 16 September 2015, Jiaxing Huiling Capital Management Co., Ltd ("**JHCMCL**") holds 0.05% equity interest in JX No.3 and is therefore deemed to be interested in the Shares held by RPL by virtue of Section 4 of the SFA.
- (19) Based on the Form 3 (Notification Form for Substantial Shareholder(s)/Unitholder(s) in respect of Interests in Securities) received by the Company on 16 September 2015, CMI Capital Co., Ltd is the sole shareholder of JHCMCL and is therefore deemed to be interested in the Shares held by RPL by virtue of Section 4 of the SFA.
- (20) Based on the Form 3 (Notification Form for Substantial Shareholder(s)/Unitholder(s) in respect of Interests in Securities) received by the Company on 24 December 2015, Vcanland Holding Group Company Limited ("**VHGCL**") is deemed interested in the Shares held by RPL pursuant to the sale and purchase agreement dated 23 December 2015 entered into with JX No.3 and Jiaxing Huiling Investment Management Co., Ltd for the acquisition of all the shares in the capital of SDCMCL. The completion under the sale and purchase agreement is subject to the satisfaction of several conditions precedents.
- (21) Based on the Form 3 (Notification Form for Substantial Shareholder(s)/Unitholder(s) in respect of Interests in Securities) received by the Company on 24 December 2015, Li Defu is the shareholder of VHGCL and is therefore deemed to be interested in the Shares held by RPL by virtue of Section 4 of the SFA.
- (22) Based on the Form 3 (Notification Form for Substantial Shareholder(s)/Unitholder(s) in respect of Interests in Securities) received by the Company on 3 February 2016, LH Capital I Limited ("**LHCIL**") is the sole shareholder of Kunlum Investment Holding Limited ("**KIHL**") and is therefore deemed to be interested in the Shares held by KIHL by virtue of Section 4 of the SFA.
- (23) Based on the Form 3 (Notification Form for Substantial Shareholder(s)/Unitholder(s) in respect of Interests in Securities) received by the Company on 3 February 2016, LH Partner Assets Limited ("**LHPAL**") holds 95% equity interest in LHCIL and is therefore deemed to be interested in the Shares held by KIHL by virtue of Section 4 of the SFA.
- (24) Based on the Form 3 (Notification Form for Substantial Shareholder(s)/Unitholder(s) in respect of Interests in Securities) received by the Company on 3 February 2016, Shanghai Yuanzhan Haolin Investment L.P. ("**SYHILP**") is the sole shareholder of LHPAL and is therefore deemed to be interested in the Shares held by KIHL by virtue of Section 4 of the SFA.
- (25) Based on the Form 3 (Notification Form for Substantial Shareholder(s)/Unitholder(s) in respect of Interests in Securities) received by the Company on 3 February 2016, Lighthouse Capital Management, LLC ("**LCM**") is the general partner of and controls SYHILP and is therefore deemed to be interested in the Shares held by KIHL by virtue of Section 4 of the SFA.
- (26) Based on the Form 3 (Notification Form for Substantial Shareholder(s)/Unitholder(s) in respect of Interests in Securities) received by the Company on 3 February 2016, Hu Minglie holds 56% equity interest in LCM and is therefore deemed to be interested in the Shares held by KIHL by virtue of Section 4 of the SFA.
- (27) Based on the Form 3 (Notification Form for Substantial Shareholder(s)/Unitholder(s) in respect of Interests in Securities) received by the Company on 3 February 2016, Yu Yuesu holds 24% equity interest in LCM and is therefore deemed to be interested in the Shares held by KIHL by virtue of Section 4 of the SFA.

Statistics of Shareholdings

As at 13 September 2016

- (28) Based on the Form 3 (Notification Form for Substantial Shareholder(s)/Unitholder(s) in respect of Interests in Securities) received by the Company on 3 February 2016, Li Zhe holds 20% equity interest in LCM and is therefore deemed to be interested in the Shares held by KIHHL by virtue of Section 4 of the SFA.
- (29) Based on the Form 3 (Notification Form for Substantial Shareholder(s)/Unitholder(s) in respect of Interests in Securities) received by the Company on 3 February 2016, Huangpu Investment Holding Limited (“**HIHL**”) is deemed to have an interest in the Shares held by KIHHL pursuant to share charge granted by KIHHL to HIHL in respect of the Shares acquired or to be acquired by KIHHL and a call option over all of the issued ordinary shares in KIHHL.
- (30) Based on the Form 3 (Notification Form for Substantial Shareholder(s)/Unitholder(s) in respect of Interests in Securities) received by the Company on 3 February 2016, China Huarong International Holdings Limited (“**CHIHL**”) is the sole shareholder of HIHL and is therefore deemed to be interested in the Shares held by KIHHL by virtue of Section 4 of the SFA.
- (31) Based on the Form 3 (Notification Form for Substantial Shareholder(s)/Unitholder(s) in respect of Interests in Securities) received by the Company on 3 February 2016, Huarong Real Estate Co., Ltd. (“**HRECL**”) holds 88.10% equity interest in CHIHL and is therefore deemed to be interested in the Shares held by KIHHL by virtue of Section 4 of the SFA.
- (32) Based on the Form 3 (Notification Form for Substantial Shareholder(s)/Unitholder(s) in respect of Interests in Securities) received by the Company on 3 February 2016, China Huarong Asset Management Co., Ltd. is the sole shareholder of HRECL and is therefore deemed to be interested in the Shares held by KIHHL by virtue of Section 4 of the SFA.
- (33) Based on the Form 3 (Notification Form for Substantial Shareholder(s)/Unitholder(s) in respect of Interests in Securities) received by the Company on 1 July 2016, Nanjing Xinjiekou Department Store Co. Ltd. is deemed interested in the Shares held by WSPL, PIPL, and CIPL pursuant to the sale and purchase agreements dated 30 June 2016 entered into with WSPL, PIPL, and CIPL for the purchase of an aggregate of 51,870,000 Shares. The completion under the sale and purchase agreement is subject to the satisfaction of several conditions precedents.

TWENTY LARGEST SHAREHOLDERS

No.	Name	No. of Shares	%
1	MAYBANK KIM ENG SECURITIES PTE LTD	61,430,000	23.69
2	RAFFLES NOMINEES (PTE) LTD	43,374,499	16.72
3	CITIBANK NOMINEES SINGAPORE PTE LTD	39,214,241	15.12
4	COOP INTERNATIONAL PTE LTD	29,042,000	11.20
5	DBS VICKERS SECURITIES (S) PTE LTD	18,220,100	7.03
6	UOB KAY HIAN PTE LTD	8,135,400	3.14
7	DBS NOMINEES PTE LTD	6,509,751	2.51
8	HO HAN SIONG CHRISTOPHER	4,500,000	1.74
9	PROVIDENCE INVESTMENTS PTE LTD	4,100,000	1.58
10	TANTALUM CELLULAR PRODUCTS LLC	2,566,972	0.99
11	XU YALAN	2,136,200	0.82
12	PHILLIP SECURITIES PTE LTD	1,560,786	0.60
13	ONG MIN KHIM	1,450,000	0.56
14	UNITED OVERSEAS BANK NOMINEES PTE LTD	1,232,349	0.48
15	CHUNG KWONG YI	1,200,000	0.46
16	OCBC SECURITIES PRIVATE LTD	952,300	0.37
17	HSBC (SINGAPORE) NOMINEES PTE LTD	895,266	0.35
18	RHB SECURITIES SINGAPORE PTE LTD	893,800	0.34
19	ESTATE OF BEN CHNG KEE CHEONG, DECEASED	851,850	0.33
20	DB NOMINEES (S) PTE LTD	807,200	0.31
	Total	229,072,714	88.34

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

As at 13 September 2016, approximately 31.07% of the shareholding in the Company was held in the hands of the public (based on the information available to the Company). Accordingly, the Company has complied with Rule 723 of the Listing Manual.

Notice of Annual General Meeting

NOTICE IS HEREBY GIVEN that the Annual General Meeting of Cordlife Group Limited (the “Company”) will be held at the STI Auditorium, Level 9, 168 Robinson Road, Capital Tower, Singapore 068912 on Friday, 28 October 2016 at 4.30p.m. for the following purposes:

Ordinary Business

1. To receive and adopt the Audited Financial Statements of the Company for the financial year ended 30 June 2016 together with the Directors’ Statement and Independent Auditor’s Report thereon. **(Resolution 1)**
2. To re-elect Dr Ho Choon Hou who is retiring pursuant to Article 94 of the Company’s Constitution. **(Resolution 2)**
3. To re-elect Dr Goh Jin Hian who is retiring pursuant to Article 94 of the Company’s Constitution. **(Resolution 3)**
4. To re-elect Dr Wong Chiang Yin who is retiring pursuant to Article 100 of the Company’s Constitution. **(Resolution 4)**
5. To note the retirement of Ms Tan Poh Lan who is retiring pursuant to Article 100 of the Company’s Constitution.
6. To re-elect Mr Chen Bing Chuen Albert who is retiring pursuant to Article 100 of the Company’s Constitution. **(Resolution 5)**
7. To re-elect Mr Hu Minglie who is retiring pursuant to Article 100 of the Company’s Constitution. **(Resolution 6)**
8. To re-elect Ms Wang Taiyang who is retiring pursuant to Article 100 of the Company’s Constitution. **(Resolution 7)**
9. To approve the payment of Directors’ fees of S\$680,000.00 for the financial year ending 30 June 2017, payable quarterly in arrears (2016 : S\$570,000.00). **(Resolution 8)**
10. To approve the payment of an extraordinary Directors’ fees of S\$750,000.00 for the financial year ended 30 June 2016 to Dr Ho Choon Hou, the Board Chairman and Mr Ho Sheng, the Lead Independent Director.
[See Explanatory Note (i)] **(Resolution 9)**
11. To re-appoint Messrs Ernst & Young LLP as the Company’s Auditors and to authorise the Directors to fix their remuneration. **(Resolution 10)**
12. 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:

13. 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,

Notice of Annual General Meeting

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

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

provided that:

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

[See Explanatory Note (ii)]
(Resolution 11)

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

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

[See Explanatory Note (iii)]
(Resolution 12)

Notice of Annual General Meeting

15. 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;

“**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;

Notice of Annual General Meeting

“**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 13)

By Order of the Board

Ang Siew Koon
Company Secretary

Singapore,
13 October 2016

Explanatory Notes:

(i) Ordinary Resolution 9

The extraordinary Directors' fees proposed for Board Chairman and the Lead Independent Director is to recognise the extra work put in and accumulation of time spent by the Board Chairman and the Lead Independent Director in FY2016 for the transactions with China Cord Blood Corporation (“CCBC”) and management of the Board and the Company in times of Board and management changes during the financial year.

- (ii) **Ordinary Resolution 11** proposed under agenda item 13 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 12** proposed under agenda item 14 above is to authorise the Directors to grant share awards and to issue shares under the Share Grant Plan approved by the shareholders of the Company at the extraordinary general meeting held on 18 October 2013.

(iv) Ordinary Resolution 13

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 2016 is set out in the Company's letter to Shareholders dated 13 October 2016. Shareholders should note that the financial effects set out therein are purely for illustrative purposes only.

Notice of Annual General Meeting

Notes:

1. A member who is not a relevant intermediary may appoint not more than two proxies to attend and vote in his stead at the AGM.
2. Where a member appoints more than one proxy, the appointments shall be invalid unless he specifies the proportion of his/her shareholding to be represented by each proxy, failing which, the first named proxy may be treated as representing 100% of the shareholding and the second named proxy as an alternate to the first named.
3. A member who is a relevant intermediary is entitled to appoint more than two proxies to attend and vote in his/her stead, but each proxy must be appointed to exercise the rights attached to a different share or shares held by such member. Where such member appoints more than two proxies, the number and class of shares in relation to which each proxy has been appointed shall be specified in the proxy form.

“relevant intermediary” means:

- (a) a banking corporation licensed under the Banking Act, Chapter 19 of Singapore or a wholly-owned subsidiary of such a banking corporation, whose business includes the provision of nominee services and who holds shares in that capacity;
 - (b) a person holding a capital markets services license to provide custodial services for securities under the Securities and Futures Act Chapter 289 of Singapore who holds shares in that capacity; or
 - (c) the Central Provident Fund Board (“CPF Board”) established by the Central Provident Fund Act, Chapter 36 of Singapore, in respect of shares purchased under the subsidiary legislation made under that Act providing for the making of investments from the contributions and interest standing to the credit of members of the Central Provident Fund, if the CPF Board holds those shares in the capacity of an intermediary pursuant to or in accordance with that subsidiary legislation.
4. A proxy need not be a member of the Company.
 5. If the appointer is a corporation, the proxy must be executed under seal or the hand of its duly authorised officer or attorney.
 6. The instrument appointing a proxy must be deposited at the Office of the Company’s Share Registrar, Tricor Barbinder Share Registration Services (a division of Tricor Singapore Pte Ltd) at 80 Robinson Road, #11-02 Singapore 068898 not less than forty-eight (48) hours before the time appointed for holding the 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 and/or any adjournment thereof, 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) or proxies and representatives appointed for the Annual General Meeting (including any adjournment thereof) and the preparation and compilation of the attendance lists, minutes and other documents relating to the Annual General Meeting (including any adjournment thereof), and in order for the Company (or its agent) to comply with any applicable laws, listing rules, regulations and/or guidelines (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



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

ANNUAL GENERAL MEETING

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

IMPORTANT

1. Pursuant to Section 181(1C) of the Companies Act, Chapter 50 (the "Act"), relevant Intermediaries may appoint more than two proxies to attend, speak and vote at the Annual General Meeting.
2. For investors who have used their CPF monies to buy Cordlife Group Limited's shares, this Notice of AGM is forwarded to them at the request of their CPF Approved Nominees.
3. 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.
4. CPF Investors who wish to vote should contact their CPF Approved Nominees.

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

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

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

and/or (delete as appropriate)

--	--	--	--	--

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, 28 October 2016 at 4.30p.m. at STI Auditorium, Level 9, 168 Robinson Road, Capital Tower, Singapore 068912 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 or in the event of any other matter arising at the Meeting and at any adjournment thereof, the proxy/proxies will vote or abstain from voting at his/her discretion.

No.	Ordinary Resolutions Relating to:	No. of Votes # For	No. of Votes # Against
	Ordinary Business		
1.	Audited Financial Statements of the Company for the financial year ended 30 June 2016 together with the Directors' Statement and Independent Auditor's Report thereon.		
2.	Re-election of Dr Ho Choon Hou as a director.		
3.	Re-election of Dr Goh Jin Hian as a director.		
4.	Re-election of Dr Wong Chiang Yin as a director.		
5.	Re-election of Mr Chen Bing Chuen Albert as a director.		
6.	Re-election of Mr Hu Minglie as a director.		
7.	Re-election of Ms Wang Taiyang as a director.		
8.	Directors' fee amounting to S\$680,000.00 for the financial year ending 30 June 2017, payable quarterly in arrears.		
9.	Extraordinary Directors' fees amounting to S\$750,000.00 to Dr Ho Choon Hou and Mr Ho Sheng for the financial year ended 30 June 2016.		
10.	Re-appointment of Messrs Ernst & Young LLP as Auditors.		
	Special Business		
11.	Authority to Directors to allot and issue shares.		
12.	Authority to grant share awards and to issue shares under the Cordlife Share Grant Plan.		
13.	Proposed Renewal of the Share Purchase Mandate.		

* Delete accordingly

If you wish to exercise all your votes "For" or "Against", please mark an "X" within the box provided. Alternatively, please indicate the number of votes as appropriate.

Dated this _____ day of _____ 2016

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

Signature of member(s)
or, Common Seal of Corporate Shareholder

IMPORTANT: PLEASE READ NOTES TO PROXY FORM OVERLEAF

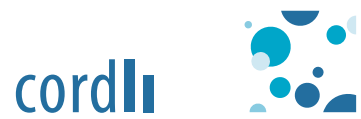


Notes:-

1. Except for a member who is a Relevant Intermediary as defined under Section 181(6) of the Companies Act, Chapter 50 of Singapore (the "Companies Act"), a member of the Company entitled to attend and vote at the Annual General Meeting is entitled to appoint not more than two (2) proxies to attend and vote in his stead. Such proxy need not be a member of the Company.
2. Where a member of the Company appoints two (2) proxies, he shall specify the proportion of his shareholding (expressed as a percentage of the whole) to be represented by each such proxy.
3. Pursuant to Section 181(1C) of the Companies Act, a member who is a Relevant Intermediary is entitled to appoint more than two proxies to attend, speak and vote at the meeting, but each proxy must be appointed to exercise the rights attached to a different share or shares held by such member. Where such member appoints more than two proxies, the number and class of shares in relation to which each proxy has been appointed shall be specified in the proxy form.
4. The instrument appointing a proxy or proxies must be under the hand of the appointor or his attorney duly authorised in writing. Where the instrument appointing a proxy or proxies is executed by a corporation, it must be executed under its common seal or under the hand of its attorney or duly authorised officer.
5. A corporation which is a member of the Company may authorise by resolution of its directors or other governing body such person as it thinks fit to act as its representative at the Annual General Meeting, in accordance with its Constitution and Section 179 of the Companies Act.
6. The instrument appointing proxy or proxies, together with the power of attorney or other authority (if any) under which it is signed, or notarially certified copy thereof, must be deposited at the Company's Share Registrar, Tricor Barbinder Share Registration Services (a division of Tricor Singapore Pte Ltd) at 80 Robinson Road, #11-02 Singapore 068898 not less than forty-eight (48) hours before the time set for the Annual General Meeting.
7. A member should insert the total number of shares held. If the member has shares entered against his name in the Depository Register (as defined in Section 81SF of the Securities and Futures Act, Chapter 289 of Singapore), he should insert that number of shares. If the member has shares registered in his name in the Register of Members of the Company, he should insert the number of shares. If the member has shares entered against his name in the Depository Register and shares registered in his name in the Register of Members of the Company, he should insert the aggregate number of shares. If no number is inserted, this form of proxy will be deemed to relate to all the shares held by the member of the Company.
8. The Company shall be entitled to reject the instrument appointing a proxy or proxies if it is incomplete, improperly completed or illegible or where the true intentions of the appointor are not ascertainable from the instructions of the appointor specified in the instrument appointing a proxy or proxies. In addition, in the case of members of the Company whose shares are entered against their names in the Depository Register, the Company may reject any instrument appointing a proxy or proxies lodged if such members are not shown to have shares entered against their names in the Depository Register seventy-two (72) hours before the time appointed for holding the Annual General Meeting as certified by The Central Depository (Pte) Limited to the Company.
9. A Depositor shall not be regarded as a member of the Company entitled to attend the Annual General Meeting and to speak and vote thereat unless his name appears on the Depository Register seventy-two (72) hours before the time set for the Annual General Meeting.
10. An investor who buys shares using CPF monies ("CPF Investor") and/or SRS monies ("SRS Investor") (as may be applicable) may attend and cast his vote(s) at the Meeting in person. CPF and SRS Investors who are unable to attend the Annual General Meeting but would like to vote, may inform their CPF and/or SRS Approved Nominees to appoint the Chairman of the Annual General Meeting to act as their proxy, in which case, the CPF and SRS Investors shall be precluded from attending 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 and/or any adjournment thereof, 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) or proxies and representatives appointed for the Annual General Meeting (including any adjournment thereof) and the preparation and compilation of the attendances lists, minutes and other documents relating to the Annual General Meeting (including any adjournment thereof), and in order for the Company (or its agent) to comply with any applicable laws, listing rules, regulations and/or guidelines (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.



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