cordlife

POISED FOR GROWTH

ANNUAL REPORT 2017

VALUES

As a company, and as individuals working collectively, we value integrity, honesty, openness, pursuit of excellence, creativity, constructive self-criticism, continuous self-improvement and mutual respect. We are committed to our clients and partners, and have a passion for innovation. We embrace big challenges and pride ourselves on seeing them through. We hold ourselves accountable to our clients, shareholders, employees and regulators by honouring our commitments, providing results and striving for the highest quality.

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.

POISED FOR GROWTH

Growing awareness of pre-emptive healthcare as well as high birth rates in many of the markets we operate in are growth areas that will underpin our business as we continue to serve the needs of mothers and children in Asia. Against this backdrop, we as a consumer healthcare company, are poised to further expand our reach and capabilities across the region, especially after we laid the foundation in the last financial year to position ourselves for more sustainable long-term growth. We remain committed to upholding the highest standards in service and product offerings as we endeavour to be the company of choice for all clients and stakeholders.

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CORPORATE PROFILE

Inhabiting a distinctive niche in the consumer healthcare industry, Cordlife is amongst the leading players for private cord blood banking services in all the markets it operates in–Singapore, Hong Kong, Malaysia, Indonesia, India, the Philippines, Myanmar and Vietnam.

Established in May 2001, Cordlife Group Limited ("**Cordlife**", together with its subsidiaries, the "**Group**") is a leading consumer healthcare company dedicated to safeguarding the well-being of mother and child. The Group is listed on the Mainboard of the Singapore Exchange in 2012 and is a pioneer in private cord blood banking in Asia.

Cordlife has processing and storage facilities in six key markets across Asia, namely Singapore, Hong Kong, Malaysia, India, Indonesia and the Philippines, as well as brand presence in Myanmar and Vietnam. This makes the Group one of the leading providers for cord blood, cord lining and cord tissue banking services in the region.

The Group is one of the first private cord blood banks in Asia to release cord blood units for transplants and cellular therapy. To date, the Group has released more than 500 stem cell units for use in successful transplants and therapies.

GLOBAL STANDARDS OF EXCELLENCE

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

In November 2015, Cordlife Singapore received accreditation from FACT-Netcord, another world-class international accreditation body for cord blood banks. This makes Cordlife Singapore one of just six cord blood banks in the world to be accredited by both AABB and FACT-Netcord.

In November 2016, the Group's subsidiaries in Hong Kong and India attained accreditation from the College of American Pathologists for meeting the highest industry standards for laboratory services.

BEYOND CORD BLOOD BANKING

The Group introduced cord lining banking – the first complementary offering outside its core service of cord blood banking – in 2009, initially to India and thereafter to Hong Kong in 2011. Subsequently, it was offered in Singapore and the Philippines in 2013. The service is now available in all the eight Asian markets where the Group operates in.

To better meet the needs of its clients, the Group has rolled out several diagnostics services. The first, a newborn metabolic screening service sold under the brand of Metascreen, was offered in India in 2013, followed by Hong Kong, the Philippines and Indonesia in 2014. Two other diagnostics services were subsequently introduced: prenatal testing to screen for foetal chromosomal abnormalities, and paediatric eye-screening service for early detection of eye problems in children.

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 using 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 and cord lining processing and storage facility.

2011
- First in Hong Kong to receive the Most Outstanding Financial Strength Cord Blood Bank by Quamnet.

2012
- First cord blood bank in Singapore to be listed on the Mainboard of Singapore Exchange.

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 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.
- First in Malaysia to offer cord lining banking services.

2015
- First in Asia-Pacific to be dual-accredited with world-class quality standards: AABB and FACT-Netcord.
- First in Singapore to win Frost & Sullivan Singapore Stem Cell Banking Company of the Year Award.
- First in Asia to be one of the Best "Under A Billion" Companies by Forbes Asia.

2016
- First Singapore-based cord blood bank to launch in Myanmar.
- Cordlife India, first in the Group to achieve accreditation from College of American Pathologists.

2017
- First cord blood bank in the Philippines to be AABB accredited.
- First Singapore-based cord blood bank to launch cord blood and cord lining services in Vietnam.

CHAIRMAN'S MESSAGE

FY2017 was a year of consolidation for Cordlife as we went back to basics to reinforce our core competencies, streamline our operations and expand our geographical reach.

DEAR SHAREHOLDERS,

As a consumer healthcare company focused on serving the needs of the mother and child segment, Cordlife is committed to offering only the best to our clients. This commitment to excellence is what has kept us in business for 16 years now, and made us one of the leading private cord blood banks in Asia.

While we are proud of what we have achieved over the years, we are by no means resting on our laurels and will strive to do even more. Through this annual report, I would like to share with you our progress in the financial year ended June 30, 2017 ("**FY2017**") as well as the opportunities ahead of us.

FINANCIAL PERFORMANCE IN FY2017

In spite of the challenging operating environment, we managed to achieve in FY2017 revenue of S$59.9 million, the highest in any given year since our public listing in 2012. This translates into a respectable compounded annual growth rate of approximately 14.6% over the past five years.

Stemlife Berhad ("**Stemlife**"), which became a subsidiary of Cordlife in December 2015, was a key revenue driver in FY2017. Established in 2001 and headquartered in Kuala Lumpur, Stemlife is the first stem cell banking and therapeutics company in Malaysia, and has made much headway in reaching the mass market.

As a consumer healthcare company focused on serving the needs of the mother and child segment, Cordlife is committed to offering only the best to our clients. This commitment to excellence is what has kept us in business for 16 years now, and made us one of the leading private cord blood banks in Asia.

CHAIRMAN'S MESSAGE

Our diagnostics business – which provides non-invasive prenatal testing, urine-based metabolic screening for newborns, and paediatric eye-screening for children aged 6 months to 6 years – also turned in encouraging results in FY2017. This business contributed revenue of S$896,000 in FY2017, up from S$532,000 in the previous year ("**FY2016**").

Overall, we made a gross profit of S$38.8 million in FY2017, representing a compounded annual growth rate of 12.5% for gross profit over the past five years.

To fulfill our commitment in sharing the Group's results with our shareholders as we grow, we propose a final tax exempt (one-tier) dividend of 0.5 cents per share.

PROMISING OUTLOOK

We see the potential in rolling out our services to more places in Asia given the growing use of stem cells in therapeutics and rising incidences of life-threatening ailments.

According to Stratistics Market Research Consulting, Asia-Pacific will be the world's fastest-growing region for cord blood banking between 2015 and 2022, during which the global cord blood banking services market is expected to grow from US$12.50 billion to US$19.32 billion.[1]

This outlook bodes well for us as we now have presence in eight markets across Asia after we expanded into Myanmar and Vietnam. In both these markets, as well as several others where we have been operating in for a number of years, such as India, Indonesia and the Philippines, birth rates remain high and public awareness of the need for pre-emptive healthcare continues to grow.

In Singapore, where Cordlife is headquartered, we take heart in ongoing efforts by the government to encourage newly-weds to start parenthood early and to get younger couples to have more children.

Some of the recent government initiatives include the extension of shared parental leave to four weeks from seven days with effect from July 1, 2017, expansion of capacity for centre-based infant care to 8,000 places by 2020, enhancements to CPF housing grants, and faster access to public housing for couples buying their first flat.

We will continue to actively promote awareness of cord blood, cord lining and cord tissue banking in Singapore and other markets in Asia as we seek to take advantage of the opportunities this region can offer.

We believe such outreach, as well as continued collaborations with stakeholders such as private hospitals and healthcare professionals, will lead to more client acquisitions for Cordlife. We also aim to add more services to our diagnostics business.

SHARE PURCHASES

Subsequent to the year under review, we carried out a series of share buybacks in the open market. This was the first time we have done so since 2014. Share purchases enable us to return surplus cash to shareholders in an expedient and cost-efficient manner, and help mitigate market

[1] Source: "Cord Blood Banking Services – Global Market Outlook (2015-2022)", Stratistics Market Research Consulting

volatility in the short term. We will consider more share buybacks as well as other options to enhance shareholder value.

DEEPENING THE LEADERSHIP BENCH

In line with good corporate governance and as part of efforts to bring fresh ideas to the Group, the Board of Directors (the "**Board**") was reconstituted in FY2017. I am grateful to Dr Ho Choon Hou for his leadership of the Board since 2011 and would like to thank the rest of the Board for entrusting me with the chairmanship since November 2016.

I would also like to thank former directors, Ms Wang Yi, Ms Wang Taiyang, Mr Hu Minglie, Mrs Eileen Tay-Tan Bee Kiew, Mr Gary Xie Guojun, Mr Christopher Ho Han Siong and Ms Tan Poh Lan, who remains our Group Chief Operating Officer, for their contributions to the Board in FY2017.

I warmly welcome to the Board Mr Michael Steven Weiss, Ms Wong Christine Bei and Ms Wang Tongyan, all of whom were appointed in FY2017. I would also like to welcome Mr Choo Boon Yong to Cordlife's management team as Group Chief Financial Officer, a role he assumed on February 1, 2017.

APPRECIATION

FY2017 was a year of consolidation for Cordlife as we went back to basics to reinforce our core competencies, streamline our operations and expand our geographical reach. While we are pleased with the progress made, there is still a lot more to do as we endeavour to remain the service provider of choice for the mother and child segment in Asia.

We would not have accomplished what we had set out to be done in FY2017 without the trust and support of our clients, business partners and shareholders, as well as the hard work of everyone at Cordlife. Thank you and I look forward to your continued support in FY2018.

HO SHENG
Chairman and
Independent Director

GROUP CEO'S MESSAGE

Including Vietnam and Myanmar, we now have brand presence in eight markets across Asia, making us the largest network of cord blood and cord lining banks in the region.

DEAR SHAREHOLDERS,

In my maiden annual report message last year as Cordlife's new Group CEO, I shared with you how we would go about growing our business and reinforcing our market leadership in Asia by going back to basics.

A year has passed since then and I am pleased to say that we have made notable progress on several fronts. In fact, with Cordlife's foundation strengthened in the financial year ended June 30, 2017 ("**FY2017**") and the months that followed, we are now, as succinctly stated on the cover of this annual report, poised for growth.

EXPANDING OUR REACH

One of the things we set out to achieve in FY2017 was to expand our geographical reach. Having established ourselves for a number of years now as the market leader in Singapore, Indonesia and the Philippines, and as one of the top 3 in Hong Kong, Malaysia and India, we saw it fit to further grow our presence in Asia by venturing into new markets.

In October 2016, we became the first Singapore company to offer banking services for cord blood, cord lining and cord tissue in Myanmar, where more than 900,000 babies are born every year. Our foray into one of Asia's fastest-growing economies was possible through a partnership with Bio Secure Co Ltd ("**Bio Secure**"), a Myanmar-based distributor of healthcare products and services.

As our marketing agent, Bio Secure is responsible for raising awareness of Cordlife's products and services, and for all operational support to clients. Besides our banking services, our non-invasive metabolic screening services for newborns are also available in Myanmar.

Our Myanmar office located in Yangon was officially launched in August 2017. Attended by more than 100 guests, the launch event was graced by a popular local celebrity, who is also our brand ambassador in Myanmar, and widely covered by the local media.

Vietnam is another new market for Cordlife. We made by our foray there in February 2017 by appointing IPS Trading and Service Joint Stock Company, a marketing agent, to promote our banking and newborn screening services. Vietnam, like

Having gone back to basics in FY2017, we are now on a much stronger footing to continue our mission of helping to safeguard the well-being of our clients through the services we offer. In the new financial year, we will build on what we have achieved in FY2017 and seek to further expand our reach and capabilities in Asia.

Myanmar, is a promising market given its fast-growing population and rising middle class. Approximately 1.5 million babies are born every year in Vietnam.

Including Vietnam and Myanmar, we now have brand presence in eight markets across Asia, making us the largest network of cord blood and cord lining banks in the region.

Malaysia is now one of our biggest markets after Stemlife became a subsidiary of Cordlife in December 2015. We increased our stake in Stemlife, Malaysia's first private cord blood bank, from 89.88% to 99.03% in FY2017.

Stemlife started offering cord tissue banking in FY2017, in addition to cord blood and cord lining banking. This is a service targeted at the mass market and was not previously offered by Stemlife. The subsidiary was the largest contributor to the Group's 9.8% increase in newborn deliveries to 25,200 in FY2017 from 22,950 in FY2016.

Beyond Asia, we made inroads into the United States in FY2017 through our strategic partner CellResearch Corporation Pte Ltd ("**CellResearch**"), a specialist in stem-cell regenerative medicine and therapy. Under an agreement signed in November 2016, Singapore-based CellResearch will offer its technology and expertise to CariCord Inc ("**CariCord**") to store cord tissue for private clients in the United States. CariCord is the private cord blood bank of the University of Colorado's ClinImmune Labs ("**ClinImmune**").

This agreement was inked after Cordlife invested S$8.4 million in CellResearch in February 2016 to fund the latter's ongoing work with ClinImmune to develop a clinical trial for diabetic wounds using cord lining stem cells. This clinical trial, which is awaiting approval from the US Food and Drug Administration, is expected to boost the value proposition of Cordlife's cord lining banking service across Asia.

MARK OF APPROVAL

Our commitment to offering only the best to clients continues to be acknowledged by international quality assessment bodies. Two of our subsidiaries – Hong Kong Screening Centre Limited and Cordlife Sciences (India) Pvt. Ltd. – were accredited by the College of American Pathologists ("CAP") in November 2016. CAP accreditation is widely known as the highest industry standard for laboratory services.

A few months later, our subsidiary in the Philippines, Cordlife Medical Phils., Inc became the first cord blood bank in the country to be accredited by AABB, an organisation responsible for setting one of the highest standards for cord blood banking worldwide.

STRENGTHENING OUR BALANCE SHEET

Another key task we set for ourselves in FY2017 was to further bolster our balance sheet. While the Group has always been financially prudent, we figured we could do more to strengthen our financial position even as we were busy growing our business.

To this end, we fully redeemed and cancelled the remaining S$68.25 million fixed-rate notes in December 2016, well ahead of the maturity date on October 28, 2017. The notes were part of the S$120 million raised in October 2014 through a multi-currency debt issuance programme. The Group had earlier bought back and cancelled S$51.75 million worth of these notes in 2016.

Following the note redemption, our total borrowings declined substantially to S$8.7 million as at June 30, 2017 from S$78.3 million at the end of the previous financial year. This resulted in an improvement of our gearing ratio from 59.89% in FY2016 to 6.98% in FY2017. With a strong balance sheet, we are now in the position to pursue acquisition and investment opportunities to further augment our market leadership in the consumer healthcare sector in Asia.

DIAGNOSTICS SERVICES

Even as we continue to roll out our banking services across Asia, we are also looking to expand our suite of diagnostics services, which currently comprise non-invasive prenatal testing, urine-based metabolic screening for newborns, and paediatric eye-screening for children aged 6 months to 6 years.

While nascent, the diagnostics business is highly scalable and has fast growth potential, evident in its 68.4% increase in revenue to S$896,000 in FY2017 from S$532,000 in FY2016. The higher contributions from these services helped Cordlife achieve total revenue of S$59.9 million in FY2017, the highest since our public listing in 2012.

APPRECIATION

Having gone back to basics in FY2017, we are now on a much stronger footing to continue our mission of helping to safeguard the well-being of our clients through the services we offer.

In the new financial year, we will build on what we have achieved in FY2017 and seek to further expand our reach and capabilities in Asia. As we look to the opportunities ahead, I would like to thank our clients, business partners, shareholders and everyone in the Cordlife Group for your trust and support.

Dr Wong Chiang Yin
Executive Director and
Group Chief Executive Officer

FINANCIAL AND OPERATIONS REVIEW

REVENUE

Revenue in FY2017 reached its highest since Cordlife's public listing in 2012 as the Group expanded its client base and grew its diagnostics business across Asia, where it has brand presence in eight countries, out of which, the Group has full processing and storage facilities in six of the countries. Revenue increased 0.6% from S$59.6 million in FY2016 to S$59.9 million in FY2017, mainly due to contributions from Stemlife, which became a subsidiary of the Group in December 2015.

Client deliveries increased 9.8% to 25,200 in FY2017, also driven mainly by Stemlife, Malaysia's first private cord blood bank. Cordlife raised its stake in Stemlife from 89.88% to 99.03% in FY2017, during which the subsidiary started offering cord tissue banking in addition to cord blood and cord lining banking. Cord tissue banking is the processing and storage of Wharton's jelly, one of the components of the umbilical cord. The service was not previously offered by Stemlife.

The Group's revenue of S$59.0 million in FY2017 from cord blood, cord lining and cord tissue banking was comparable to the revenue of S$59.1 million generated from such services in FY2016.

Revenue from diagnostics services rose to S$896,000 from S$532,000 over the comparative periods. Cordlife's diagnostics business comprises non-invasive prenatal testing, urine-based metabolic screening for newborns, and paediatric eye-screening for children aged 6 months to 6 years.

Overall revenue contributions from Singapore and Hong Kong were lower in FY2017 as a result of lower client acquisitions due to increased competition in these markets.

OPERATING EXPENSES

Selling and marketing expenses increased 3.2% to S$19.6 million in FY2017. This was driven by Stemlife and the Group's subsidiaries in India and Indonesia as they invested more to boost market share.

Administrative expenses decreased by 1.2% to S$19.5 million in FY2017. The decrease was mainly attributable to one-off expenses incurred in FY2016 of S$0.9 million, comprising legal and professional fees and a non-recurring service tax. The decrease was also due to a drop in travel expenses of S$0.5 million due to an increase in the use of technology for oversight activities for regional operations.

The decrease was partially offset by an increase in allowance for doubtful debts from S$0.4 million in FY2016 to S$0.9 million in FY2017 because of the larger client base in India. The amortisation of intangibles and an enterprise resource planning software in Singapore also contributed to an increase in amortisation expense from S$0.7 million in FY2016 to S$1.3 million in FY2017.

NON-OPERATING EXPENSES AND ITEMS

To reduce its debt-servicing obligations, the Group redeemed S$68.25 million of fixed-rate notes in December 2016. This resulted in note repurchase expenses of S$2.1 million in FY2017. The notes were part of the S$120 million Cordlife raised in October 2014 through a multi-currency debt issuance programme and incurred S$1.8 million finance cost prior to its redemption.

Certain property units owned by Cordlife in the A'Posh Bizhub building in Singapore and certain properties owned by Stemlife in Malaysia are designated as investment properties. These properties are allocated to be leased to third parties or for capital appreciation. Based on assessments by independent professional valuers, these properties yielded a fair value loss of S$168,000 in FY2017.

PROFITABILITY AND MARGINS

Gross profit margin slipped from 66.2% in FY2016 to 64.8% in FY2017 partly due to lower margins from Stemlife as well as lower deliveries in Singapore and Hong Kong, which typically contribute to higher margins within the Group. The decline was also due to the Group's new offering of cord tissue banking, which is a lower-priced option with a lower margin to cater to the mass market segment and higher revenue contribution from the diagnostic business, which commands lower margins than banking services.

Other operating income declined by approximately S$107,000 mainly due to a lower grant from Spring Singapore for the Group's investments in information technology infrastructure.

As a result, pre-tax operating profit for FY2017 came in at S$2.2 million, compared to S$2.9 million for FY2016. The Group ended up with a S$2.6 million net loss attributable to shareholders due mainly to the one-off expenses related to the S$68.25 million note redemption.

BALANCE SHEET AND CASH FLOWS

With the notes fully redeemed and cancelled, the Group substantially reduced its overall borrowings to S$8.7 million in FY2017 from S$78.3 million in FY2016. The Group also generated net cash of S$4.0 million from operations in FY2017, compared with S$4.4 million used in operations in the previous year.

Cordlife ended FY2017 with S$60.6 million in cash and cash equivalents, fixed deposits and short-term investments, compared with S$138.1 million as at June 30, 2016. The decline in cash balance was mainly due to the note redemption.

KEY CORPORATE DEVELOPMENTS

In October 2016, Cordlife became the first Singapore company to offer banking services for cord blood, cord lining and cord tissue in Myanmar where more than 900,000 babies are born every year. This was done through a partnership with Bio Secure Co Ltd, a Myanmar-based distributor of healthcare products and services. Cordlife's non-invasive metabolic screening services was also made available in Myanmar for newborns to enable the early detection of over 100 metabolic disorders. In August 2017, a grand opening ceremony was held at Novotel Yangon Max Hotel to officially launch Cordlife Myanmar and introduce the country's first Cordlife brand ambassador, Ms Moe Yu San who is a leading actress and celebrity in the country.

Cordlife made its foray into Vietnam in February 2017 through the appointment of a marketing agent – IPS Trading and Service Joint Stock Company ("IPS") to promote its banking and newborn screening services. Approximately 1.5 million babies are born every year in Vietnam.

IPS has also set up a Cordlife Concept Suite to serve as a conducive environment for expectant parents to understand the importance of storing their baby's umbilical cord blood, cord tissue and other screening services for both mother and child, as well as to showcase simulated innovative technologies used by Cordlife. The 300 square-feet suite is conveniently located in the heart of Ho Chi Minh City's new business district (District 7), within the vicinity of a few notable private hospitals.

Two of the Group's subsidiaries – Hong Kong Screening Centre Limited and Cordlife Sciences (India) Pvt. Ltd. – were accredited by the College of American Pathologists (CAP) in November 2016. CAP accreditation is widely known as the highest industry standard for laboratory services. In July 2017, Cordlife Medical Phils., Inc, the Group's subsidiary in the Philippines, became the first cord blood bank in the country to be accredited by AABB.

The latest milestone achieved by the Company is a validation of Cordlife Group's robust quality system and track record of reliable cord blood banking services across its network of cord blood banks in Asia.

FINANCIAL HIGHLIGHTS

DIVIDEND

2017
Final dividend of 0.5 cents*

2016
Special interim dividend of 13.0 cents

2015
Interim dividend of 1.0 cent

2015
Final dividend of 1.0 cent

GROSS PROFIT (S$million)

S$38.8
FY2017

S$39.5
FY2016

S$40.0
FY2015

REVENUE (S$million)

S$59.9
FY2017

S$59.6
FY2016

S$57.6
FY2015

GEARING RATIO

6.98%
FY2017

59.89%
FY2016

79.62%
FY2015

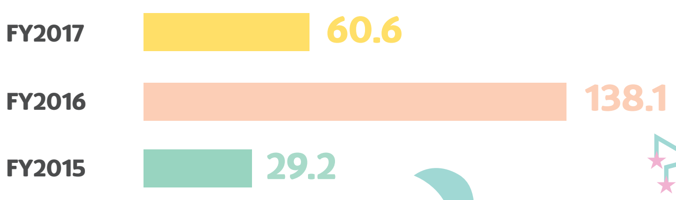
NET (LOSS)/PROFIT (S$million)

(S$2.6)
FY2017

S$12.6
FY2016

S$32.1
FY2015

CASH AND CASH EQUIVALENTS, SHORT TERM INVESTMENTS AND FIXED DEPOSITS (S$million)

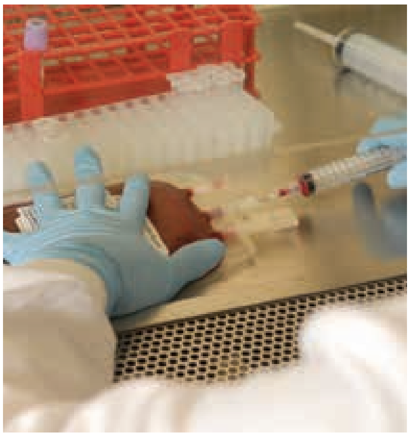


* Subject to approval from shareholders at the Annual General Meeting.

PRODUCTS AND SERVICES SPOTLIGHT
BANKING: CORD BLOOD

Essential Healthcare for Every Family

Blood from the umbilical cord, which connects the foetus to the placenta, allowing blood to transport oxygen and nutrition, is one of the most easily harvested sources of stem cells. This blood can be quickly and painlessly collected at birth and frozen for future medical use.



Cord blood contains a high concentration of haematopoietic stem cells ("**HSCs**"), which replenish blood and regenerate the immune system. The process of collecting cord blood is non-invasive and risk-free for both mother and child. Cord blood has been proven to be an effective substitute for bone marrow and can be used to support the treatment of more than 85 diseases, including leukaemia, lymphoma and thalassemia major.

Studies estimate that one in 217 individuals will need to undergo allogeneic or autologous stem cell transplantation in his or her lifetime.[1] With private cord blood banking, the individual has full access to his or her own stem cells when needed. Furthermore, stem cells from cord blood are not only a perfect match for the baby but may also be made readily available to any of the child's siblings. If another family member requires these cells, the chance of a match is as high as 75%. Survival rates also double when the patient receives stem cells from biological relatives as opposed to an unrelated donor.[2]

Cordlife uses fully automated, high-precision Sepax 2 and Smart-Max technology to isolate and prepare cord blood stem cells. The Sepax 2 system enables cell recovery rate of up to 99.46%, which is essential as cell count affects the success of a transplantation or infusion.

Scientists believe the true potential of cord blood has yet to be fully tapped and that it can also be used to treat certain neurological disorders such as autism and cerebral palsy. Notable clinical trials involving stem cells are underway for many other conditions, and researchers around the world continue to explore new avenues for cellular therapy and regenerative medicine with cord blood stem cells.

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

[2] Gluckman et al. Broxmeyer HA, Auerbach AD et al. Hematopoietic reconstitution in a patient with Fanconi's anemia by means of umbilical cord blood from a HLA-identical sibling. *N Engl J Med.* 1989; 321:1174-1178

PRODUCTS AND SERVICES SPOTLIGHT
BANKING: CORD LINING AND CORD TISSUE

More Medical Options for Families

The umbilical cord also comprises Wharton's jelly, umbilical arteries and an umbilical vein. These components are protected by a sheet-like membrane known as cord lining. Wharton's jelly contains Mesenchymal stem cells ("**MSCs**"), while cord lining contains both MSCs and Epithelial stem cells ("**EpSCs**").

Both types of stem cells are currently being evaluated in more than 400 clinical trials for medical conditions such as heart disease, stroke, spinal cord injury, corneal repair, and even wounds from burns and diabetic ulcers. As stem cells are capable of immune system modulation, a donor's cells need not be an exact match for the patient's, making these cells potentially accessible for the whole family.

Cord lining banking is a patented technology made available to all Cordlife clients in Asia through an exclusive licensing agreement with a subsidiary of CellResearch Corporation ("**CRC**"). CRC is founded by a team of Singapore experts, including an award-winning doctor and a scientist who have made significant inroads into the medical world with their discovery of stem cells from cord lining. CRC has secured patent protection for cord lining banking in 39 territories worldwide, preventing other companies from harvesting stem cells from cord lining without licensing the technology from them.

Cordlife also offers cord tissue banking as a lower-cost alternative to cord lining banking.

PRODUCTS AND SERVICES SPOTLIGHT
DIAGNOSTICS: NON-INVASIVE PRENATAL TESTING

Screening for Foetal Chromosomal Abnormalities

Through a strategic partnership with a third-party service provider, Cordlife offers non-invasive prenatal testing (NIPT) services to obstetricians in Singapore, Indonesia and the Philippines.

NIPT is a relatively new and highly accurate prenatal screening test that analyses foetal DNA in the mother's blood for potential foetal chromosomal abnormalities, including Down syndrome, Edwards syndrome and Patau syndrome. The test can be performed as early as 10th week of gestation through a simple and safe blood draw. The accuracy rates of conventional maternal marker-based prenatal tests currently available vary from 80% to 95%, implying that as many as 20% of abnormal foetus are potentially missed from screening. Moreover, these conventional tests carry a high false positive rate of 5% or more, meaning that 1 in 20 women undergoing screening will be subjected to unnecessary invasive and risky confirmatory tests.[3] In comparison, NIPT, tested using cutting-edge Next Generation Sequencing technology, has an accuracy rate of over 99%.[4]

Due to the availability of non-invasive and reliable prenatal screening tests such as NIPT, the American College of Obstetricians and Gynaecologists now recommends all pregnant women, regardless of age, to be offered screening for foetal chromosomal abnormalities.[5]

[3] Practice Bulletin No. 163 Screening for Fetal Aneuploidy. *American College of Obstetrics & Gynaecologists.* May 2016, 127(5):e123-e137
[4] Non-Invasive Prenatal Testing NIPT Factsheet. *National Coalition for Health Professional education in Genetics.* November 2012
[5] ACOG Newsroom. The American Congress of Obstetricians and Gynaecologists Website.
http://www.acog.org/about-acog/news-room/news-releases/2007/Acog-Screening-Guidelines-on-chromosomal-Abnormalities. Accessed August 2017

PRODUCTS AND SERVICES SPOTLIGHT
DIAGNOSTICS: NON-INVASIVE NEWBORN METABOLIC SCREENING

Comprehensive Metabolic Screening for Newborn Babies

This is the first diagnostics service launched by Cordlife, which underscores the Group's commitment to safeguarding the well-being of its clients from the day the baby is born. Branded as Metascreen, the service is a comprehensive and non-invasive metabolic screening test for babies up to six months old.

Unlike traditional newborn metabolic blood tests, Metascreen uses babies' urine as test specimens. In metabolic biochemistry, the human body has complex homeostatic mechanisms, which rapidly excrete excess amounts of redundant or toxic compounds. These compounds are not found in significant quantities in blood, but large amounts are present in urine. This makes urine testing a superior method to standard blood testing for metabolic disorder detection.

About one in every 1,250 babies is expected to be born with a metabolic disorder.[6] Babies with such disorders may look normal but they lack the enzymes to maintain normal metabolic functions, resulting in a build-up of toxic substances or deficiency of critical substances.

Though rare, untreated metabolic disorders can cause serious developmental issues and lifelong complications such as mental retardation, physical disability and in some instances, death. Early-stage detection enables doctors to treat disorders in a timely fashion.

Metascreen is a highly accurate screening test. The test is performed by combining USFDA-approved Gas Chromatography-Mass Spectrometry with proprietary Planar Diagnostic Tool to detect up to 106 metabolic disorders. Tests are conducted by Hong Kong Screening Centre ("HKSC"), a Cordlife subsidiary, which has a quality management system in place to ensure accurate results. HKSC is accredited by College of American Pathologists since October 2016.

[6] This cumulative incidence rate is based on Meta100+ panel of metabolic disorders

PRODUCTS AND SERVICES SPOTLIGHT
DIAGNOSTICS: PAEDIATRIC EYE-SCREENING

Safeguarding Your Child's Window to the World

Undiagnosed eye problems among children usually go unnoticed until they are of schooling age. Such problems can impede a child's academic learning as most new information is presented and processed visually. Children with undiagnosed eye problems can even be mistaken for having learning disabilities.

Early detection and appropriate preventive measures are not only essential to students' academic achievement but also their overall quality of life. This is especially true in Singapore, which is said to be the myopia (short-sightedness) capital of the world. At least five million people in Singapore are likely to be myopic by 2050, according to a joint study by the Singapore National Eye Centre, the Singapore Eye Research Institute and the National University of Singapore. Myopia also worsens with age.[7]

Eyescreen, a marketing trademark of Cordlife Technologies Pte. Ltd., is a safe and non-invasive paediatric eye screening service for children aged between six months and six years old. The test detects up to 11 eye conditions such as strabismus (crossed eyes) and amblyopia (lazy eye) using a device with photoscreening technology.

Eyescreen is administered by a certified optometrist and endorsed by a Senior Consultant Paediatric Ophthalmologist. This service complies with the American Academy of Paediatrics' recommendation for timely eye screening in infancy and childhood to facilitate the early detection and treatment of eye problems.

[7] Young children with myopia get it worse later in life: Study. Today Online Website. www.todayonline.com/daily-focus/health/young-children-myopia-get-it-worse-later-life-singapore-study. Accessed September 2017

ACCREDITATIONS AND CERTIFICATIONS

AABB

FACT

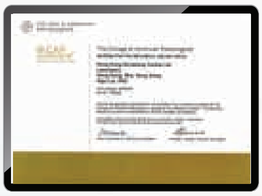
Good Distribution Practice for Medical Device

Ministry of Health (Singapore)

SINGAPORE

AABB

CAP



ISO 9001 : 2000

HONG KONG

ISO 9001 : 2008

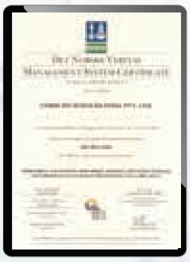
Ministry of Health (Indonesia)

INDONESIA

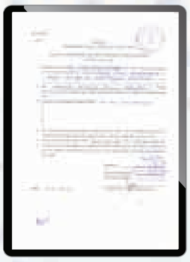
AABB

CAP

ISO 9001 : 2008



DCGI



INDIA

ISO 15189

MALAYSIA

AABB

Department of Health (Philippines)

ISO 9001 : 2008

PHILIPPINES

CORPORATE SOCIAL RESPONSIBILITY

In Cordlife, we take pride in raising awareness of pre-emptive healthcare in all the markets we operate in. On top of that, we carry out social initiatives to help those in need as we want to leave a positive impact within the communities around us. This spirit of giving is an integral part of our corporate culture.

In Cordlife, we take pride in raising awareness of pre-emptive healthcare in all the markets we operate in. On top of that, we carry out social initiatives to help those in need as we want to leave a positive impact within the communities around us. This spirit of giving is an integral part of our corporate culture.

Cordlife Christmas Donation Drive (Singapore)

To keep with the true spirit of Christmas, clients and staff of Cordlife joined hands to donate household items, stationery and food items to the Children's Aid Society ("**CAS**") from December 5 to 11, 2016. Our flagship store at Mount Elizabeth Novena Hospital was abuzz with activity over those seven days as we packed and delivered the items to the beneficiaries.

As one of Singapore's oldest registered philanthropic organisations, CAS is dedicated to providing quality residential care and aid to disadvantaged children and youth. This was Cordlife Singapore's very first donation drive, which involved both Cordlife parents and staff.

Make-A-Wish Donation (Singapore)

Cordlife Singapore has been part of Make-A-Wish to raise funds for underprivileged children by sponsoring Singapore's only Christmas-themed run, known as Santa Run for Wishes since 2014. Over the years, there have been more than 5,000 runners participating in this meaningful event at Gardens by the Bay and raised nearly $2 million to give back to the community.

Cordlife-Jalan Kayu Preschool Head-Start Fund (Singapore)

Since 2015, Cordlife worked with Jalan Kayu community to establish the Head-Start Fund to help children from needy families 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.

Trisomy 18 Awareness Month – Talk Show on Chromosomal Aneuploidies (Indonesia)

In commemoration of World Trisomy 18 Awareness Day on March 18, 2017, our team in Indonesia conducted an educational talk show at Hotel Aryaduta Semanggi in Jakarta to raise awareness of the importance of early screening for expectant mothers.

Also known as Edwards syndrome, Trisomy 18 is a serious genetic disorder that causes a wide range of severe medical problems. Many Trisomy 18 pregnancies result in miscarriages or stillbirths. Most babies with Edwards syndrome die before or shortly after being born.

Besides healthcare professionals, other speakers at the event included two mothers who experienced Trisomy 18 pregnancies. They shared with the audience their experience in caring for their children with this condition.

One Blood Campaign (Philippines)

Started in September 2016, the One Blood initiative aims to benefit families who lack the financial resources for private cord blood banking. Besides giving selected needy families fully subsidised access to cord blood banking, the one-year campaign also seeks to raise awareness of leukaemia and other disorders that can be treated with cord blood.

Cordlife Philippines held a media event in April 2017 to promote One Blood and has since launched online platforms to reach out to more potential beneficiaries and healthcare professionals.

BOARD OF DIRECTORS

MR HO SHENG
Chairman and
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. He was re-designated as Chairman of the Board in November 2016.

Mr Ho has more than 25 years of experience in the financial services industry, especially in Asia's equity markets. He is also the Independent, Non-Executive Chairman of New Silkroutes Group Limited, which is listed on the Singapore Exchange.

Mr Ho was previously an Independent Director at Ying Li International Real Estate Limited and Senior Vice President of Investments at Citigroup Global Markets. Prior to joining Citigroup, he was a shareholder, Executive Director and Board Member of the stockbroking unit of UBS Warburg.

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 HO CHOON HOU
Vice-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 28, 2016.

Dr Ho is a Principal at Southern Capital Group Limited, where he is responsible for the origination and execution of investments, as well as an Independent Director of Advanced Holdings Limited and Mclean Berhad.

Dr Ho holds 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 and was last re-elected on October 28, 2016. He 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 and a public health specialist with more than 20 years of healthcare management experience. Prior to joining the Group, he was the Executive Director and Group CEO of TMC Life Sciences Bhd., a healthcare company listed on the mainboard of Bursa Malaysia. He was concurrently the President of Thomson International, the international arm of Thomson Medical Centre, Singapore's largest private 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 at 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 was 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. He is also the Chairman of the Citizens' Consultative Committee of the Holland-Bukit Timah Group Representation Constituency, Cashew Division.

Dr Wong holds a Bachelor of Medicine and Bachelor of Surgery, as well as a Master of Medicine (Public Health) from the National University of Singapore. He also holds a Master of Business Administration (Finance) from the University of Leicester. He is a Fellow of the Academy of Medicine, Singapore.

MR MICHAEL STEVEN WEISS
Executive Director, Business Development
and Mergers & Acquisitions

Mr Michael Steven Weiss was appointed as an Executive Director, Business Development and Mergers & Acquisitions on February 1, 2017. He is responsible for all aspects of strategic investments, including identifying, reviewing and executing potential mergers, acquisitions and corporate development opportunities, among other inorganic growth strategies. Prior to his re-designation, he was appointed as a Non-Independent, Non-Executive Director of the Company on November 1, 2016.

Mr Weiss has over 19 years of experience in the finance and investment sectors in North America and Asia, and has worked on numerous merger and acquisition transactions with many Chinese companies, including China Development Bank Capital, China Resources Gas, China Southern Grid, SinoTruk and others.

Prior to his current positions, Mr Weiss was a Partner and Managing Director at a cross-border private equity firm, Sailing Capital, China's largest RMB offshore investment and financing fund. He also served as Managing Director of Morgan Stanley's China mergers advisory unit and held investment banking positions at Credit Suisse Group and Citigroup, where he transacted over $20 billion in M&A and capital markets transactions.

Mr Weiss obtained his Master of Arts in Regional Studies-East Asia, focusing on Chinese business history, from Harvard University. He also holds a Bachelor degree in East Asian Studies from Northwestern University and is fluent in Mandarin Chinese.

BOARD OF DIRECTORS

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 28, 2016.

He is also currently an Executive Director and Chief Executive Officer of SGX-listed New Silkroutes Group. Prior to joining New Silkroutes Group, Dr Goh was a C-suite executive in Parkway Health from 1999 to 2011 and an Executive Director in a private oil and gas company from 2012 to 2014.

He had also served on the Council of Singapore Human Resource Institute from 2007 to 2017 and on the Council of the Singapore Medical Association from 1996 to 2000.

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 23 September 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 ("Deloitte").

At Deloitte, he was engaged in a wide spectrum of business domains, including initial public offerings, taxation, and asset protection plans for high net worth individuals. Subsequently, he worked at Credit Agricole (Suisse), Hong Kong, where he advised clients on wealth management.

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

MR CHEN BING CHUEN ALBERT
Non-Independent, Non-Executive Director

Mr Albert Chen was appointed as a Non-Independent, Non-Executive Director of the Company on April 29, 2016, and was last re-elected on October 28, 2016.

Mr Chen is the Chief Financial Officer and Director of NYSE-listed China Cord Blood Corporation ("CCBC"), where he oversees 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 had previously served as the vice-president of corporate finance at Golden Meditech Holdings Limited since March 2005, prior to which he worked in financial institutions such as Salomon Smith Barney, DBS Vickers Securities and UOB Kay Hian in Hong Kong.

Mr Chen is a CFA charterholder. He holds a Bachelor in Commerce from Queen's University in Canada, with a major in Finance and Accounting.

MS WONG CHRISTINE BEI

Non-Independent, Non-Executive Director

Ms Wong Christine Bei was appointed as a Non-Independent, Non-Executive Director of the Company on November 1, 2016.

Ms Wong has been the Senior Investment Director of Kunlun Investment Holding Limited ("Kunlum") since November 2015. Prior to joining Kunlum, she was the Managing Director at CBW Consulting, Inc. ("CBW") for 10 years. CBW is a consulting firm that focuses on United States-China relations and business projects.

Ms Wong holds a Bachelor in Business Administration from Hofstra University.

MS WANG TONGYAN

Non-Independent, Non-Executive Director

Ms Wang Tongyan was appointed as a Non-Independent, Non-Executive Director of the Company on May 4, 2017.

Ms Wang has more than 22 years of experience in the pharmaceutical industry, specialising in market management. She is currently the Vice President of Sanpower Group ("Sanpower"), where she oversees biomedical group strategies and medical industry management. Prior to joining Sanpower, she was the Vice President of Image Innovation at Nanchang China Sciences Group and Chief Operating Officer at CSG Jiufeng Mobile Health Care Co., Ltd.

Ms Wang previously also served as the Vice President of Janssen Pharmaceutical Co., Ltd of US Johnson & Johnson Group, where she was Chief Marketing Officer and sales director. She also currently holds various public posts, such as Vice-President of the China Pharmaceutical Industry Association.

Ms Wang holds a PhD in theoretical research from the University of Lisbon, as well as a Master in Business Administration and a Bachelor of Clinical Medicine from Xi'an Jiaotong University.

SENIOR MANAGEMENT TEAM

MS TAN POH LAN
Group Chief Operating Officer

Ms Tan Poh Lan was appointed as 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 Chief Executive Officer of Fortis Healthcare Singapore, where she successfully aligned and integrated the businesses of Fortis Colorectal Hospital and Radlink – an outpatient imaging centre with a cyclotron and three general practitioner clinics – and established a Public-Private Partnership model with government hospitals.

Ms Tan was Chief Executive Officer of Gleneagles Hospital in Singapore from April 2008 to September 2011. She had previously served as 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 the National University of Singapore and graduated with Honours in Occupational Therapy from the University of Queensland, Australia.

MR CHOO BOON YONG
Group Chief Financial Officer

Mr Choo Boon Yong joined Cordlife as Group Chief Financial Officer on February 1, 2017. He is responsible for the Group's finance functions and supports the Group CEO in achieving the Group's strategic vision. He also assists in the development of new businesses and in maintaining investor relations.

Mr Choo has over 25 years of experience in accounting, tax, corporate finance and business development in manufacturing and service industries.

Before joining Cordlife, Mr Choo was Group Chief Financial Officer of Seksun Group, where he led the finance teams in Singapore, Thailand and China. He was instrumental in implementing China GAAP reporting following the acquisition of Seksun Group by a China-listed company.

Between 2009 and 2014, Mr Choo was Executive Director of Power HF Group, covering the finance, accounting and legal functions as well as management of the India operations. He led the expansion of the India operations into a pan-India genset servicing company. Prior to this, he held various positions in Temasek Holdings, Ernst & Young and KPMG in Singapore, Hong Kong and China.

Mr Choo holds a Bachelor of Accountancy from Nanyang Technological University. He is also a Chartered Accountant of Singapore.

MS THET HNIN YI
Group Finance Director

Ms Thet Hnin Yi is responsible for management of the Group's finance operations, including statutory filings, financial audits, finance controls and treasury.

Ms Thet joined the Group in June 2011, following the Company's demerger from Life Corporation Limited ("LCL") (previously known as Cordlife Limited). She joined LCL in December 2007 as Senior Finance Manager and was appointed as Chief Financial Officer in August 2013, where she was involved in all areas of financial and accounting functions, including financial reporting, management reporting and budgeting. She was re-designated as Group Finance Director in February 2017.

Prior to joining LCL, Ms Thet held various positions at Ernst & Young LLP from 2001 to 2007, including Audit Manager and Training Manager, where she trained 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 auditing small and medium enterprises and multinational companies.

Ms Thet holds a Master of Business Administration from the University of Manchester and a Diploma in Accountancy from Ngee Ann Polytechnic. She is also a fellow of the Association of Chartered Certified Accountants, United Kingdom, and a Chartered Accountant of Singapore.

MS JAMIE WOON GEOK PENG

Group Director, Brand Development and Innovation

Ms Jamie Woon is responsible for the planning, development and implementation of 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 Business Unit Director, Banking from July 2014 to July 2016, during which she was responsible for the strategic and operational aspects of Cordlife's businesses and oversaw all of the Group's banking units. She identified and implemented group-wide business growth strategies, was responsible for meeting the Group's overall financial and non-financial goals, and ensuring adherence to quality policies and objectives. 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 holds a Master of Business Administration from Nanyang Technological University, 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

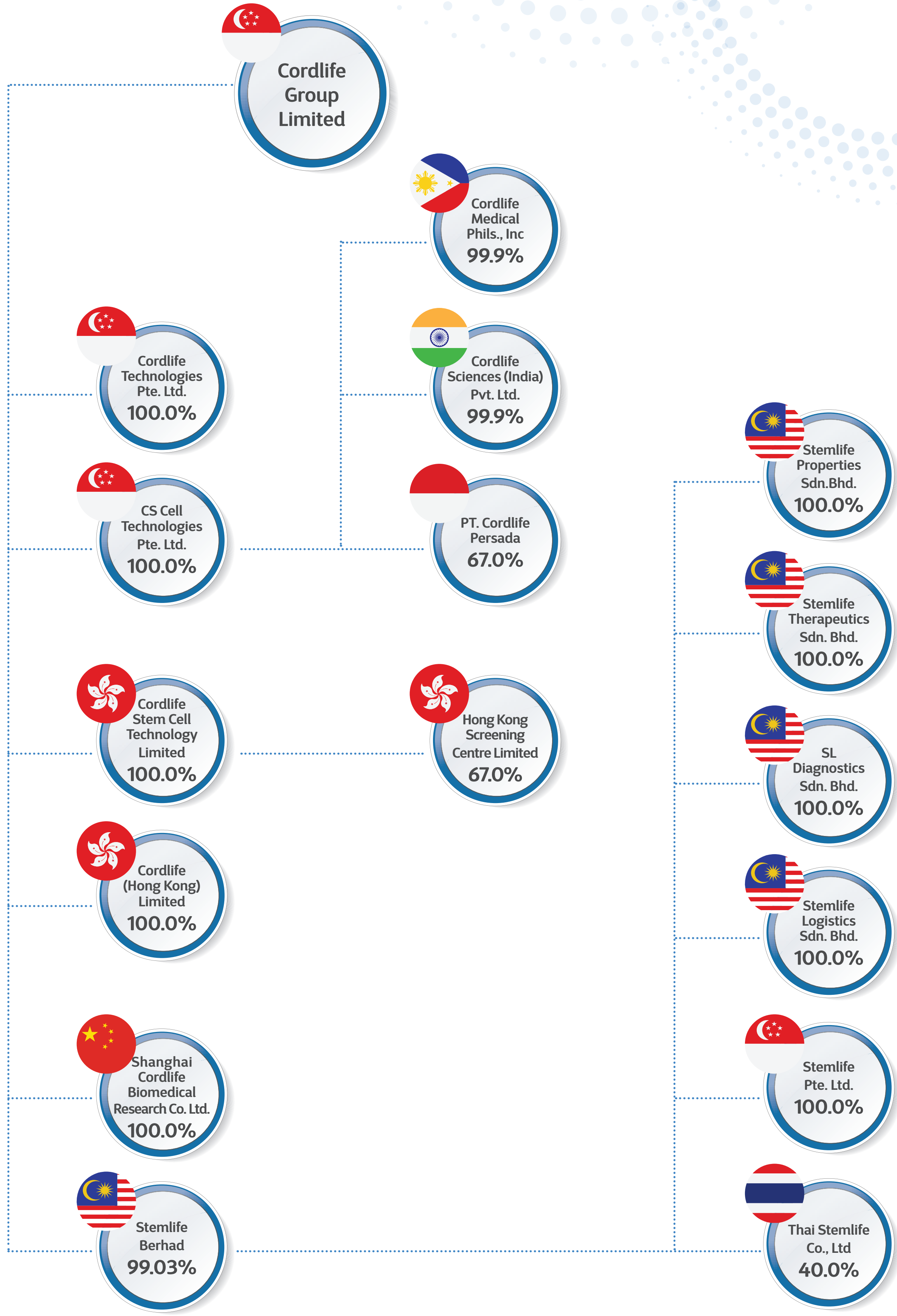
Ms Tan Huiying is responsible for setting and maintaining the Group's quality standards in service and product offerings, as well as standardising key laboratory and operational systems, applications and processes across the Group.

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

Ms Tan 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, as well as installation of quality management systems for ISO9001 certification. She has since taken on various regional operations and business development roles at Cordlife, including Director of Philippines.

Ms Tan holds a Master of Business Administration with Accountancy and Finance specialisations from Nanyang Technological University, where she was placed on the Dean's Honours List. She also holds a Bachelor of Science (Honours) in Life Sciences from the National University of Singapore. Ms Tan has been a Chartered Accountant of Singapore since June 2013.

GROUP STRUCTURE



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 2017 ("FY2017"). 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 FY2017.

BOARD MATTERS

Principle 1: The Board's Conduct of Affairs

The Board's role is to:

(a) provide entrepreneurial leadership, set strategic objectives, and ensure that the necessary financial and human resources are in place for the Company to meet its objectives;

(b) establish a framework of prudent and effective controls, which enables risks to be assessed and managed, including safeguarding of shareholders' interests and the Company's assets;

(c) review management performance;

(d) identify the key stakeholder groups and recognise that their perceptions affect the Company's reputation;

(e) set the Company's values and standards (including ethical standards), and ensure that obligations to shareholders and other stakeholders are understood and met; and

(f) consider sustainability issues, e.g. environmental and social factors, as part of its strategy formulation process.

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

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

CORPORATE GOVERNANCE REPORT

The Board meets on a regular basis and such scheduled meetings coincide with the announcement of the Group's quarterly financial 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 enhance the effectiveness of the Board, the Board is supported by the Audit Committee ("AC"), the Board Risk Committee ("BRC"), the Nominating Committee ("NC"), and the Remuneration Committee ("RC"). The Board Committees operate within clearly defined terms of reference and functional procedures, which are reviewed on a regular basis. Details on each Board Committee, including the composition and terms of reference, can be found subsequently in this Report.

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

Name of Director	Designation	Audit Committee	Remuneration Committee	Nominating Committee	Board Risk Committee
Ho Sheng	Chairman and Independent Director	Member	N.A.	Chairman	N.A.
Dr Ho Choon Hou	Vice-Chairman and Non-Executive Director	Member	N.A.	Member	N.A.
Dr Wong Chiang Yin	Executive Director and Group Chief Executive Officer	N.A.	N.A.	N.A.	N.A.
Michael Steven Weiss	Executive Director	N.A.	N.A.	N.A.	N.A.
Dr Goh Jin Hian	Independent Director	N.A.	Chairman	Member	Member
Joseph Wong Wai Leung	Independent Director	Chairman	Member	N.A.	Chairman
Chen Bing Chuen Albert	Non-Executive Director	N.A.	N.A.	N.A.	N.A.
Wong Christine Bei	Non-Executive Director	N.A.	Member	N.A.	N.A.
Wang Tongyan	Non-Executive Director	N.A.	N.A.	N.A.	Member

CORPORATE GOVERNANCE REPORT

In FY2017, a total of six (6) Board meetings were held. The table below shows the attendance of the Directors at the Board and respective Board Committee meetings in respect of FY2017[1]:

	Board	Audit Committee	Remuneration Committee	Nominating Committee	Board Risk Committee
Name of Director	No. of meetings attended	No. of meetings attended	No. of meetings attended	No. of meetings attended	No. of meetings attended
Ho Sheng	6/6	4/4	N.A.	3/3	N.A.
Dr Ho Choon Hou	6/6	4/4	N.A.	1/1	N.A.
Dr Wong Chiang Yin	6/6	N.A.	N.A.	N.A.	N.A.
Michael Steven Weiss[2]	3/4	N.A.	N.A.	N.A.	N.A.
Dr Goh Jin Hian	6/6	N.A.	3/3	2/3	1/1
Joseph Wong Wai Leung	6/6	4/4	3/3	N.A.	1/1
Chen Bing Chuen Albert	6/6	1/1	N.A.	N.A.	N.A.
Wong Christine Bei[3]	3/4	N.A.	1/1	N.A.	N.A.
Wang Tongyan[4]	1/1	N.A.	N.A.	N.A.	N.A.
Eileen Tay-Tan Bee Kiew[5]	1/2	1/1	N.A.	1/2	N.A.
Tan Poh Lan[6]	1/1	N.A.	N.A.	N.A.	N.A.
Wang Taiyang[7]	2/2	N.A.	N.A.	N.A.	1/1
Hu Minglie[8]	2/2	N.A.	N.A.	2/2	N.A.
Wang Yi[9]	1/3	N.A.	N.A.	N.A.	N.A.
Gary Xie Guojun[10]	1/1	N.A.	1/1	N.A.	N.A.
Ho Han Siong Christopher[11]	1/1	N.A.	N.A.	1/1	N.A.

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

(2) Mr Michael Steven Weiss was appointed as a Non-Independent Non-Executive Director ("NINED") of the Company with effect from 1 November 2016 and re-designated as an Executive Director of the Company from 1 February 2017.

(3) Ms Wong Christine Bei was appointed as a NINED of the Company and a member of the RC with effect from 1 November 2016.

(4) Ms Wang Tongyan was appointed as a NINED of the Company and a member of the BRC with effect from 4 May 2017.

(5) Mrs Eileen Tay-Tan Bee Kiew resigned as a Director of the Company and ceased to be the Chairman of the AC and a member of the NC with effect from 1 November 2016.

(6) Ms Tan Poh Lan retired as a Director and remained as the Group Chief Operating Officer of the Company after the conclusion of the Company's Annual General Meeting held on 28 October 2016.

(7) Ms Wang Taiyang resigned as a Director of the Company and ceased to be a member of the BRC with effect from 1 November 2016.

(8) Mr Hu Minglie resigned as a Director of the Company and ceased to be a member of the NC with effect from 1 November 2016.

(9) Ms Wang Yi was appointed as a Director of the Company and a member of the BRC with effect from 1 November 2016. She resigned as a Director of the Company and ceased to be a member of the BRC with effect from 4 May 2017.

(10) Mr Gary Xie Guojun resigned as a Director of the Company and ceased to be a member of the RC with effect from 30 September 2016.

(11) Mr Ho Han Siong Christopher resigned as a Director of the Company and ceased to be a member of the NC with effect from 4 October 2016.

CORPORATE GOVERNANCE REPORT

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

In FY2017, the Directors were kept abreast of the changing commercial risks faced by the Company through briefings by the Management at Board meetings. The Directors were also updated on the latest changes in the Companies Act, Chapter 50, Listing Rules and the Accounting Standards by the relevant professionals at the quarterly Board meetings. During the financial year, three training sessions were conducted by external consultants pertaining to (a) SGX-ST Listing Requirements; (b) Financial Reporting Standards Updates; and (c) Sustainability Reporting. The Directors also attended other training courses of their choice, and if the training is relevant to the performance of their duties as a Director of the Company, expenses were borne by the Company.

Principle 2: Board Composition and Guidance

As at 30 June 2017, the Board comprised nine (9) Directors of whom two (2) were Executive Directors, four (4) were NINEDs, and three (3) were Independent Directors.

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

The Company defines an Independent Director as one who has no relationship with the Company, its related corporations, its 10% shareholders or its officers that could interfere, or be reasonably perceived to interfere, with the exercise of the Director's independent business judgment with a view to the best interests of the Company. To be considered independent, the Director should not be someone who:

(a) has been employed by the Company or any of its related corporations for the current or any of the past three financial years;

(b) has an immediate family member who is, or has been in any of the past three financial years, employed by the Company or any of its related corporations and whose remuneration is determined by the RC;

(c) himself/herself, or has an immediate family member who, accepted any significant compensation from the Company or any of its related corporations for the provision of services, for the current or immediate past financial year, other than compensation for Board service;

(d) himself/herself, or whose immediate family member, in the current or immediate past financial year, is or was a 10% shareholder of, or a partner in (with 10% or more stake), or an executive officer of, or a director of, any organisation to which the Company or any of its subsidiaries made, or from which the Company or any of its subsidiaries received, significant payments or material services (which may include auditing, banking, consulting and legal services), in the current or immediate past financial year. As a guide, payments aggregated over any financial year in excess of S$200,000 should generally be deemed significant.

CORPORATE GOVERNANCE REPORT

(e) is a 10% shareholder or an immediate family member of a 10% shareholder of the Company; or

(f) is or has been directly associated with a 10% shareholder of the Company, in the current or immediate past financial year.

The Board has three (3) Directors with medical and healthcare backgrounds which are relevant to the business of the Company. They are Dr Ho Choon Hou, Dr Wong Chiang Yin and Dr Goh Jin Hian. All three of them also have experience in managing healthcare companies. Ms Wang Tongyan has vast experience in the biomedical and pharmaceutical industry which is also relevant to the Company's business. Mr Joseph Wong Wai Leung and Mr Chen Bing Chuen Albert brought with them accounting and corporate finance experience. Mr Michael Steven Weiss, having worked with leading investment banks in the United States and China (including Hong Kong), possesses vast experience in cross border deals in mergers and acquisitions. Ms Wong Christine Bei brought with her business and management consulting experience. The Board is led by Mr Ho Sheng who has extensive experience in regional equity markets and is an advocate of corporate governance. 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 of medical, pharmaceutical and healthcare, accounting and finance, business management, mergers and acquisitions, as well as regional market and corporate governance which enable Management to benefit from a diverse and objective perspective on any issues raised before the Board. The Board also has gender diversity in having two (2) female Directors on the Board. Key information on the Directors is set out on pages 20 to 23 of this Annual Report.

The Non-Executive Directors played a crucial role in the development of proposals surrounding the Company's strategies by challenging the strategies proposed by Management in a constructive manner. The Non-Executive Directors also met on several occasions on an informal basis in FY2017 without the presence of Management (as well as Executive Directors), to discuss matters relating to the Company and Management performance.

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

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 Mr Ho Sheng and Dr Wong Chiang Yin respectively.

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

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.

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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.

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 (Chairman and Independent Director) (Chairman of the NC)
Dr Ho Choon Hou (Vice-Chairman and Non-Executive Director)
Dr Goh Jin Hian (Independent Director)
Eileen Tay-Tan Bee Kiew (Independent Director) – Resigned on 1 November 2016
Hu Minglie (NINED) – Resigned on 1 November 2016
Ho Han Siong Christopher (NINED) – Resigned on 4 October 2016

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 the 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.

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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 Director 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 28 October 2016. Pursuant to Article 100 of the Company's Constitution, they will have to vacate their office at the close of the forthcoming AGM. Being eligible, they had offered themselves for re-election.

(i) Michael Steven Weiss;

(ii) Wong Christine Bei; and

(iii) Wang Tongyan.

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

In this regard, the NC, having considered the attendance and participation of the Directors at the Board and Board Committee meetings, in particular, their contribution to the business and operations of the Company, has recommended the re-election of all those Directors who 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. Currently, the Directors who have multiple board representations are Mr Ho Sheng, Dr Ho Choon Hou, Dr Wong Chiang Yin and Dr Goh Jin Hian. Their number of board representations does not exceed three (3).

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

The profile of the Directors, detailing their 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 20 to 23 of this Annual Report.

Principle 5: Board Performance

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

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

As part of the evaluation process, each Director completes an evaluation form, which is then returned to the Company Secretary on a private and confidential basis for compilation of average scores. The compiled results are tabulated and tabled at the NC meeting for NC's review. The Chairman of the NC will 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 2017 and the results have been presented to the NC for discussion. The newly appointed Director, Ms Wang Tongyan was excluded from the annual performance evaluation for FY2017 as she was on the Board for less than three months in FY2017. The Company did not engage any external consultant or facilitator to assist with the performance evaluation of the Board, Board Committees and individual Directors for FY2017.

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

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 assistant attend all Board and Board Committees meetings and provide corporate secretarial support to the Board, ensure adherence to Board procedures and compliance with the relevant rules and regulations of the Constitution of the Company, the Companies Act (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.

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REMUNERATION MATTERS

Principle 7: Remuneration Committee

The RC comprises a majority of Independent Directors including its Chairman and is regulated by a set of written terms of reference endorsed by the Board:–

Dr Goh Jin Hian (Independent Director) (Chairman of the RC)
Joseph Wong Wai Leung (Independent Director)
Wong Christine Bei (NINED) – Appointed on 1 November 2016
Gary Xie Guojun (NINED) – 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 Group CEO, Executive Director 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.

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 FY2017:–

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") 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 Cordlife Share Grant Plan (the "Plan" or the "SGP").

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

The categories of awards under the Plan in FY2017 are as follows:–

Performance Share Award

The FY2017 contingent awards under the Performance Share Award were granted conditional on meeting performance targets set based on the following Group corporate objectives measured over the performance period of one financial year:

- Group's Financial Key Performance Indicators ("KPI(s)") including Group Revenue, Gross Profit Margin, Profit before Tax and Return on Invested Capital; and

- Non-Financial KPIs including, but are not limited to, quality standards, customer service standards and people objectives.

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

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

No contingent shares were granted in FY2017 to employees of the Company under the Performance Share Award.

Restricted Share Award

The FY2017 contingent share awards under the Restricted Share Award were granted to employees of the Group conditional upon the satisfaction of the following performance targets set at the start of a two-year performance period based on medium-term Group and Company objectives of retaining high potential talents ("HiPo"):

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

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

No contingent shares were granted in FY2017 to employees of the Company under the Restricted Share Award.

Deferred Share Award

The Deferred Share Award is a one-time contingent award granted in FY2016, 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, and will fully vest on 1 July 2019.

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

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

The Independent Directors and Non-Executive 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 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.

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The NINEDs, namely, Mr Chen Bing Chuen Albert, Ms Wong Christine Bei and Ms Wang Tongyan, who were nominated to the Board by the substantial shareholders, had agreed to waive their Directors' fee for FY2017 and FY2018.

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

Principle 9: Disclosure on Remuneration

A breakdown showing the level and mix of each individual Director's remuneration for FY2017 is disclosed in the table below:

Directors	Designation	Salary (%)	Bonus (%)	Other short-term benefits (%)	Allowances (%)	Fees (%)	Total (%)
Above $500,000 to $750,000							
Dr Wong Chiang Yin	Group CEO and Executive Director	80	16	–	4	–	100
$250,000 and below							
Michael Steven Weiss[(1)]	Executive Director	78	16	–	6	–	100

Directors	Designation	Salary ($)	Bonus ($)	Other short-term benefits ($)	Allowances ($)	Fees ($)	Total ($)
Ho Sheng	Chairman, Independent Director	–	–	–	–	103,660	103,660
Dr Ho Choon Hou	Vice-Chairman, Non-Independent Non-Executive Director	–	–	–	–	707,375[(2)]	707,375
Dr Goh Jin Hian	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	–	–	–	–	–	–
Wong Christine Bei[(4)]	Non-Independent Non-Executive Director	–	–	–	–	–	–
Wang Tongyan[(4)]	Non-Independent Non-Executive Director	–	–	–	–	–	–

(1) Mr Michael Steven Weiss was appointed as a NINED of the Company on 1 November 2016, and re-designated as Executive Director of the Company on 1 February 2017.

(2) Includes S$600,000 extraordinary directors fees for FY2016 that was approved at the AGM on 28 October 2016.

(3) Mr Chen Bing Chuen Albert had agreed to waive his directors' fees for FY2017 and FY2018.

(4) Ms Wong Christine Bei and Ms Wang Tongyan were appointed as NINED of the Company on 1 November 2016 and 4 May 2017 respectively. They had agreed to waive their directors' fees for FY2017 and FY2018.

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The remuneration of the Group CEO and Executive Director 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 six (6) key management personnel (excluding the Group CEO and Executive Director) is disclosed in the table below:

KEY EXECUTIVES	Designation	Salary (%)	Bonus (%)	Allowances (%)	Total (%)
$500,000 to $750,000					
Tan Poh Lan	Group Chief Operating Officer	77	19	4	100
$250,000 to $500,000					
Thet Hnin Yi	Group Finance Director	51	46	3	100
$250,000 and below					
Choo Boon Yong(1)	Group Chief Financial Officer	79	17	4	100
Woon Geok Peng (Jamie)	Group Director – Brand Development and Innovation	79	14	7	100
Lee Mei Suan (Stella)	Group Director – Organisational Development	79	14	7	100
Tan Huiying	Group Director – Quality and Operations	79	14	7	100

(1) Mr Choo Boon Yong was appointed as Group Chief Financial Officer on 1 February 2017.

For FY2017, the aggregate total remuneration paid to the top six (6) key management personnel (excluding the Group CEO and Executive Director) amounted to S$1,783,000.

For FY2017, there was no termination, retirement and post-employment benefits granted to the Directors (including the Group CEO and Executive Director) and top six (6) 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 and Executive Director).

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.

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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.

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 Tongyan (NINED) – Appointed on 4 May 2017
Wang Taiyang (NINED) – Resigned on 1 November 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 FY2017, the Board has received written assurances from the Group CEO and Group 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.

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Based on the internal controls established and maintained by the Group, work performed by the internal and external auditors, reviews performed by Management, various Board Committees and the Board, and the written assurances from the Group CEO and Group 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 for the financial year ended 30 June 2017.

Principle 12: Audit Committee

The AC, regulated by a set of written terms of reference, comprises three (3) Directors, all of whom are Non-Executive and the majority of whom, including the Chairman of the AC, are independent:–

Joseph Wong Wai Leung (Independent Director) (Chairman of the AC)
Ho Sheng (Chairman, Independent Director)
Dr Ho Choon Hou (Vice-Chairman, Non-Executive Director)
Eileen Tay-Tan Bee Kiew (Independent Director) – Resigned on 1 November 2016
Chen Bing Chuen Albert (NINED) – Stepped down on 1 November 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;

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;

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7. reviewing and discussing with the external auditors any suspected fraud or irregularity, or suspected infringement of any relevant laws, rules or regulations, which has or is likely to have a material impact on the Company's operating results or financial position, and the Management's response thereto;

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

9. making recommendations to the Board on the appointment or re-appointment of the external auditors and matters relating to resignation or dismissal of the auditors, and approving the remuneration and terms of engagement of the external auditors;

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

11. reviewing any potential conflicts of interest;

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

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

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

15. 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 may impact negatively on the Group; and

16. generally to undertake such other functions and duties as may be required by any applicable laws, regulations, statutes and the Listing Manual, and by such amendments made thereto from time to time.

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

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 FY2017. These meetings were attended by the Group CEO, Group COO, Group CFO and the Group Finance Director 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 auditor and internal auditor, without the presence of the Executive Directors and Management.

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The AC has met with the Group's external auditor, Messrs Ernst & Young LLP ("EY"), to discuss the results of EY's audit of the Group for FY2017 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 FY2017 prior to its recommendation to the Board for approval.

The total amount of audit fees paid to EY in FY2017 was S$236,000 out of which S$215,000 was for audit services and S$21,000 was for non-audit services. Non-audit fees accounted for less than 10% of total audit fees in FY2017. The AC, having reviewed the fees paid to EY for non-audit services, is satisfied with the independence and objectivity of EY as external auditor of the Group for FY2017.

The Company has received a letter of nomination of auditor from Kunlum Investment Holding Limited, a substantial shareholder dated 18 September 2017, proposing to appoint KPMG LLP ("KPMG") as the auditor of the Company for the financial year ending 30 June 2018 in place of EY, the retiring auditor. Shareholders may refer to Section 2 of the Letter to Shareholders, which is despatched together with this Annual Report 2017 for further information pertaining to the proposed appointment of KPMG as auditor of the Company.

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 received updates from the external auditor at the quarterly AC meetings and made efforts to attend courses and seminars relevant to their performance as members of the AC, and where appropriate, at the expense of the Company.

Principle 13: Internal Audit

The Board recognises the importance of the internal audit function which, being independent of Management, is one of the principal means by which the AC is able to carry out its responsibilities effectively. Messrs PricewaterhouseCoopers LLP ("PwC") is the existing internal auditor of the Group. PwC primarily reports to the Chairman of the AC and has unfettered access to all of the Group's documents, records, properties and personnel. The representatives from PwC, who are in-charge of the internal audit of the Company, are invited to the AC Meeting every quarter to present their Internal Audit Report.

The AC reviews the internal auditor on an annual basis, and is satisfied, based on the last review, that the internal audit function is adequately resourced with persons with the relevant qualifications and experience and has the appropriate standing within the Company. The internal auditor carries out its functions according to the PwC Global Internal Audit Services Methodology, which is aligned to the International Standards for the Professional Practice of Internal Auditing.

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

The Company also has in place 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. The Company has included whistle blowing as a standard agenda item for the quarterly AC and Board meetings for the AC and the Board to receive and discuss any whistle blowing reports or incidents.

CORPORATE GOVERNANCE REPORT

COMMUNICATION WITH SHAREHOLDERS

Principle 14: Shareholder Rights

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

Shareholders are also given the opportunity to participate effectively in and vote at general meetings of the Company, where relevant rules, including voting procedures, are clearly communicated to the attendees. Shareholders are given sufficient notice to attend general meetings, at least not less than the notice period stipulated by the Companies Act, Cap. 50 and the Company's Constitution. Corporations which provide nominee or custodial services, are allowed to appoint more than two proxies, and other shareholders are allowed to appoint not more than two proxies to attend and participate at the Company's general meetings.

Principle 15: Communication with the Shareholders

The Company strives for timeliness and transparency in its disclosures to the shareholders and the public and is also committed to gathering the views of its shareholders and to address their concerns, where possible. In addition to the regular dissemination of information through SGXNet on a timely basis, the Company also responds to enquiries from investors, analysts, fund managers and the press. The Company has engaged an external investor relations firm, WeR1 Consultants Pte Ltd, to advise and assist the Company on matters relating to investor relations.

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

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

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

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 by proxy by sending in the instrument of proxy at least forty-eight hours before the time of the AGM.

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

CORPORATE GOVERNANCE REPORT

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

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

The Company will also prepare minutes of general meetings that include substantial and relevant comments or queries from shareholders relating to the agenda of the meeting, and responses from the Board and Management, and will make such minutes or notes available to shareholders 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 are also expected to observe insider trading laws at all times, even when dealing in securities outside of the prohibited periods. In addition, the Directors, Management and officers of the Group are discouraged from dealing in the Company's securities on short-term considerations.

INTERESTED PERSON TRANSACTIONS
[Listing Manual, Rule 907]

There were no interested person transactions in FY2017.

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.

CORPORATE GOVERNANCE REPORT

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

As at 29 August 2017, the Group has utilised approximately S$29.7 million of the IPO Proceeds as follows

Intended Use of IPO Proceeds	Estimated amount ($m)	Estimated percentage of gross proceeds raised from the IPO	Amount utilised ($m)	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%	2.0	6.7%
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%	29.7	100.0%

Note:

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

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

Amount utilised as working capital and general corporate purposes:	Amount ($ 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
Loan to Magnum Opus International Holding Limited	0.09
Acquisition of 7% senior convertible note issued by China Cord Blood Corporation	0.23
Total	**6.40**

CORPORATE GOVERNANCE REPORT

As at 29 August 2017, the Group has utilised approximately S$9.2 million of the Private Placement proceeds as follows:

Intended Use of Placement Proceeds	Estimated amount ($ m)	Estimated percentage of gross proceeds raised from the Private Placement	Amount utilised ($ m)	Percentage of gross proceeds raised from the Private Placement
Further, fund and support the Group's operations in connection with its enlarged geographical footprint developed after the Company's initial public offering, including funding of additional strategic investments, joint ventures, acquisitions and/or strategic alliances as and when opportunities materialise and are deemed appropriate by the Board	23.5	70.1%	6.4	19.1%
General working capital	8.6	25.7%	4.5	13.4%
Expenses incurred in connection with the Private Placement	1.4	4.2%	0.6	1.8%
	33.5	100.0%	11.5	34.3%

Note:

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

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

	Amount ($ million)
Amount utilised as working capital:	
Trade purchases	4.4
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 2017.

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 2017 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:

Mr Ho Sheng
Dr Ho Choon Hou
Dr Wong Chiang Yin
Mr Michael Steven Weiss
Dr Goh Jin Hian
Mr Joseph Wong Wai Leung
Mr Chen Bing Chuen Albert
Ms Wong Christine Bei
Ms Wang Tongyan

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' STATEMENT

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:

	Direct Interest		Deemed Interest	
Name of Directors and company in which interests are held	At beginning of the year	At end of the year	At beginning of the year	At end of the year
Cordlife Group Limited				
Ordinary shares				
Mr Ho Sheng	–	–	302,000	302,000
Dr Ho Choon Hou	792,061	792,061	–	–

There was no change in any of the above-mentioned interests in the Company between the end of the financial year and 21 July 2017.

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 34 of the financial statements.

The RC administering the Plan comprises three Directors, Dr Goh Jin Hian, Mr Joseph Wong Wai Leung and Ms Wong Christine Bei.

DIRECTORS' STATEMENT

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

Grant date	Balance as at 1 July 2016	Grants during the financial year	Vested during the financial year	Cancelled during the financial year	Balance as at 30 June 2017
Performance Share Award					
27 January 2014	27,900	–	(27,900)	–	–
16 December 2014	85,800	–	(23,250)	(39,300)	23,250
28 December 2015	161,000	–	–	–	161,000
	274,700	–	(51,150)	(39,300)	184,250
Restricted Share Award					
28 December 2015	45,600	–	–	–	45,600
Deferred Share Award					
15 April 2016	136,200	–	–	–	136,200

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

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

AUDIT COMMITTEE

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

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

– Reviews the quarterly and annual financial statements and the auditor's report on the annual financial statements of the Company before their submission to the Board of Directors;

– Reviews effectiveness of the Company's material internal controls, including financial, operational and compliance controls and risk management via reviews carried out by the internal auditors;

– Meets with the external auditor, other committees, and management in separate executive sessions to discuss any matters that these groups believe should be discussed privately with the AC;

– Reviews legal and regulatory matters that may have a material impact on the financial statements, related compliance policies and programmes and any reports received from regulators;

DIRECTORS' STATEMENT

- 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.

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.

On behalf of the Board of Directors:

Dr Wong Chiang Yin
Director

Mr Michael Steven Weiss
Director

Singapore
28 September 2017

INDEPENDENT AUDITOR'S REPORT

to the members of Cordlife Group Limited

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Opinion

We have audited the financial statements of Cordlife Group Limited (the "Company") and its subsidiaries (collectively, the "Group"), which comprise the statements of financial position of the Group and the Company as at 30 June 2017, 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 notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements of the Group, the statement of financial position and the statement of changes in equity of the Company are properly drawn up in accordance with the provisions of the Companies Act, Chapter 50 (the "Act") and Financial Reporting Standards in Singapore ("FRSs") so as to give a true and fair view of the consolidated financial position of the Group and the financial position of the Company as at 30 June 2017 and of the consolidated financial performance, consolidated changes in equity and consolidated cash flows of the Group and changes in equity of the Company for the year ended on that date.

Basis for Opinion

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

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have fulfilled the responsibilities described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying financial statements.

Revenue recognition on cord blood, cord lining and cord tissue banking services

The Group enters into long-term cord blood, cord lining and cord tissue banking service contracts with tenure ranging from 10 to 21 years. In addition, in India, the customers have an option to extend the cord blood, cord lining and cord tissue banking service contracts for an additional 54 years.

INDEPENDENT AUDITOR'S REPORT

to the members of Cordlife Group Limited

During the year, the Group recognised revenue from cord blood, cord lining and cord tissue banking service contracts of $51.7 million. The Group determines the revenue to be recognised based on the stage of completion method. Stage of completion is measured based on the actual processing and storage costs incurred to date as a proportion of estimated total costs (which consist of the actual processing and storage costs incurred to date and the estimated storage costs for the remaining contract period).

We have identified revenue recognition as a key audit matter as it involves a significant degree of judgement, with estimates being made to assess the estimated storage costs for the remaining contract period. In making the estimates, the Group relies on past experience, expectations of future changes in operating efficiencies, technology and regulations and forecast inflation rates. Any significant change in the estimated costs over the remaining storage period would have a significant impact on the amount of revenue recognised.

With involvement of the component auditors, our audit procedures included, amongst others:

- Reading the relevant clauses within all key contracts and discussing each with management to obtain an understanding of the specific terms and risks, which complements our consideration of whether revenue for these contracts was appropriately recognised;

- Discussing and understanding management's bases and assumptions for storage costs for the remaining contract period;

- Assessing reasonableness of management's estimates by comparing them against available market and historical information; and

- Testing the underlying calculations of stage of completion and revenue recognised during the year.

The related disclosures are included in Note 3.2 and Note 4 to the financial statements.

Impairment of trade receivables

As at 30 June 2017, the Group's non-current and current trade receivables amounted to $63.1 million and $24.5 million respectively, net of allowance for impairment of $0.7 million and $2.8 million respectively. Non-current trade receivables represent cord blood, cord lining and cord tissue banking service revenue receivable under instalment payment plans that have yet to be billed to the customer.

The recoverability assessment of the trade receivables was significant to our audit due to its magnitude and significant management judgement involved in assessing the ability of the customers to repay the outstanding receivables. Impairment of trade receivables is individually assessed and an allowance for impairment loss is recognised when there is objective evidence that the trade receivable is impaired. There are credit control departments in place within the Group to perform recovery procedures and bad debt assessment on a regular and structured basis. In assessing the recoverability, management assessed the likelihood of the recovery of the current trade receivables which are outstanding beyond the normal trading terms. This assessment is based on attempts by management to recover the amounts outstanding, supportable past collection history and historical write-offs of bad debts. When the current trade receivable from a customer is considered impaired, an impairment loss on the current and non-current trade receivable (if applicable) from the customer will be recorded.

INDEPENDENT AUDITOR'S REPORT

to the members of Cordlife Group Limited

With involvement of the component auditors, our audit procedures included, amongst others:

- Assessing and evaluating the information used to determine the bad debt allowance by considering past collection trends, the level of bad debt incurred, amount of utilisation of prior years' allowances for bad debt write offs during the year and prior year allowances released where a customer had paid;

- Considering corroborative evidence including attempts by management to recover the amounts outstanding and any correspondence with customers on expected settlement dates;

- Checking to evidence of receipts received subsequent to year end; and

- Reviewing the consistency of management's application of policy for recognising allowance with the prior year.

The Group's disclosures on trade receivables and credit risk management are included in Notes 17 and 36 to the financial statements.

Carrying value of goodwill and intangible assets

As at 30 June 2017, the Group has $13.5 million of intangible assets, which mainly comprise the following:

- Customer contracts of $1.9 million arising from past acquisitions;

- Stemlife brand with a carrying amount of $1.6 million; and

- Goodwill arising from the acquisition of Stemlife with a carrying amount of $7.7 million.

The Group did not recognise impairment loss on these intangible assets during the year.

The carrying value of customer contracts are contingent on future cash flows from these customers and there is impairment risk if these cash flows do not meet the Group's expectations.

The Group allocated goodwill and brand to a cash generating unit ("CGU"), Stemlife. The carrying values of goodwill and brand are contingent on future cash flows and there is impairment risk if the projected cash flows do not meet the Group's expectations. The impairment reviews performed by the Group using discounted cash flow method involved significant judgements and the use of estimates, which includes budgeted gross margins, revenue growth rates, market share assumptions, terminal values and discount rates. As adverse changes in these assumptions might lead to an impairment charge, we identified this as a key audit matter.

Our audit procedures included, amongst others:

Customer contracts

– Assessing and evaluating the information used to support the absence of impairment indicator, including the reasonableness of customer retention rates against historical trends.

INDEPENDENT AUDITOR'S REPORT

to the members of Cordlife Group Limited

Goodwill and brand

- Obtaining the Group's impairment analyses and assessing the reasonableness of key assumptions, including budgeted gross margins, revenue growth rates, market share assumptions, terminal values and discount rates. Given the complexity of the valuation process, our internal valuation specialist assisted us in performing some of these procedures;

- Assessing whether the future cash flows were based on budget approved by the Board of Directors;

- Assessing the robustness of management's forecasting process by comparing the actual results of Stemlife against the forecast used in prior years;

- Obtaining and evaluating management's sensitivity analyses to ascertain the impact of reasonably possible changes in key assumptions and performing our own independent sensitivity calculations to quantify the downside changes to management's models required to result in impairment;

- Checking for additional impairment triggers by reading board minutes and holding discussions with management; and

- Checking the adequacy of the Group's disclosures in Note 15 to the financial statements, about those assumptions to which the outcome of the impairment test was most sensitive, that is, those that have the most significant effect on the determination of the recoverable amount of the intangible assets.

Impairment of investment in CellResearch Corporation Pte Ltd ("CRC") and convertible notes receivable from CRC

As at 30 June 2017, the Group's investment in CRC and convertible notes receivable from CRC amounted to $4.2 million and $4.2 million respectively. The Group follows the guidance of FRS 39 in determining when a financial asset is impaired. This determination requires significant judgement. The Group evaluates, amongst other factors, the financial health of and near-term business outlook for the financial asset, including factors such as industry and sector performance, changes in technology, and operating and financing cash flow.

Management assesses whether there is objective evidence of an impairment loss on these investments by considering the historical financial results of CRC as well as market information on the performance of CRC.

Our audit procedures included, amongst others:

- Assessing and evaluating the information used to support the absence of impairment indicators, including reviewing the latest available financial results of CRC as well as the market information on the performance of CRC and its business plan.

The related disclosures are included in Note 16, Note 18 and Note 37(d) to the financial statements.

INDEPENDENT AUDITOR'S REPORT

to the members of Cordlife Group Limited

Other Information

Management is responsible for the other information. The other information comprises the information included in the annual report, but does not include the financial statements and our auditor's report thereon.

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

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

Responsibilities of Management and Directors for the Financial Statements

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

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

INDEPENDENT AUDITOR'S REPORT

to the members of Cordlife Group Limited

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

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

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

INDEPENDENT AUDITOR'S REPORT

to the members of Cordlife Group Limited

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

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

The engagement partner on the audit resulting in this independent auditor's report is Mr Tan Swee Ho.

Ernst & Young LLP
Public Accountants and
Chartered Accountants
Singapore
28 September 2017

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

for the financial year ended 30 June 2017

	Note	2017 $'000	2016 $'000
Revenue	4	59,962	59,627
Cost of sales		(21,136)	(20,166)
Gross profit		38,826	39,461
Other operating income	5	874	981
Selling and marketing expenses		(19,622)	(19,012)
Administrative expenses		(19,534)	(19,767)
Finance income	6	1,858	1,531
Finance costs	7	(225)	(267)
Profit before income tax from operations		2,177	2,927
Share of results of associate		–	(76)
Fair value loss on investment properties	14	(168)	(220)
Fair value changes on financial asset designated at fair value through profit or loss	10	–	4,548
Fair value changes on derivative asset	10	–	2,519
Exchange differences	10	–	6,014
Gain on sale of financial asset designated at fair value through profit or loss	10	–	151
Gain on sale of convertible note	10	–	5,012
Remeasurement loss on previously held equity interest in subsidiary	33	–	(1,594)
Note repurchase expense	29	(2,149)	(2,025)
Other expenses		–	(2,409)
Finance income	6	–	3,815
Finance costs	7, 29	(1,781)	(5,322)
(Loss)/profit before income tax	8	(1,921)	13,340
Income tax	9	(675)	(760)
(Loss)/profit for the year		(2,596)	12,580
Other comprehensive loss:			
Item that may be reclassified subsequently to profit or loss			
Foreign currency translation		(900)	(399)
Share of foreign currency translation of associate		–	(180)
Other comprehensive loss for the year, net of tax		(900)	(579)
Total comprehensive (loss)/income for the year		(3,496)	12,001
(Loss)/profit for the year attributable to:			
Owners of the Company		(2,572)	12,329
Non-controlling interests		(24)	251
		(2,596)	12,580
Total comprehensive (loss)/income for the year attributable to:			
Owners of the Company		(3,438)	11,686
Non-controlling interests		(58)	315
		(3,496)	12,001
(Loss)/earnings per share (cents per share):			
Basic	11	(0.99)	4.75
Diluted	11	(0.99)	4.75

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

STATEMENTS OF FINANCIAL POSITION

as at 30 June 2017

	Note	Group 2017 $'000	Group 2016 $'000	Company 2017 $'000	Company 2016 $'000
Non-current assets					
Property, plant and equipment	13	13,062	13,290	6,732	6,654
Investment properties	14	8,256	9,152	2,880	3,590
Intangible assets	15	13,513	14,686	1,552	1,969
Deferred tax assets	28	–	220	–	220
Investment in subsidiaries	33	–	–	58,710	54,386
Long-term investments	16	6,176	4,200	4,200	4,200
Trade receivables	17	63,090	60,510	45,802	45,535
Other receivables	18	4,211	4,317	4,211	4,212
		108,308	106,375	124,087	120,766
Current assets					
Inventories	19	1,279	1,057	376	429
Prepayments		1,760	1,720	836	739
Trade receivables	17	24,459	21,010	9,450	8,663
Other receivables	18	2,102	2,014	527	765
Amounts owing by subsidiaries	20	–	–	14,533	14,022
Short-term investments	21	22,261	14,970	–	–
Fixed deposits	22	11,778	53,399	10,747	47,567
Pledged fixed deposits	22	258	324	–	–
Cash and cash equivalents	23	26,527	69,701	18,404	59,769
		90,424	164,195	54,873	131,954
Total assets		198,732	270,570	178,960	252,720
Current liabilities					
Trade and other payables	24	11,247	13,521	3,197	5,722
Amounts owing to subsidiaries	20	–	–	16,733	15,052
Interest-bearing borrowings	25	2,118	2,124	2,118	2,124
Insurance contract liabilities	26	1,272	1,056	64	–
Deferred revenue	27	16,296	15,502	3,688	2,565
Tax payable		1,244	592	–	–
		32,177	32,795	25,800	25,463
Net current assets		58,247	131,400	29,073	106,491
Non-current liabilities					
Other payables	24	200	86	4	–
Interest-bearing borrowings	25	6,613	8,742	6,613	8,742
Deferred revenue	27	30,521	24,716	13,565	12,795
Deferred tax liabilities	28	3,891	4,073	15	105
Notes payable	29	–	67,403	–	67,403
		41,225	105,020	20,197	89,045
Total liabilities		73,402	137,815	45,997	114,508
Net assets		125,330	132,755	132,963	138,212
Capital and reserves					
Share capital	30(a)	96,666	96,672	96,666	96,672
Treasury shares	30(b)	(9,766)	(9,828)	(9,766)	(9,828)
Accumulated profits		52,088	54,660	45,267	50,779
Other reserves	31	(13,827)	(10,815)	796	589
		125,161	130,689	132,963	138,212
Non-controlling interests		169	2,066	–	–
Total equity		125,330	132,755	132,963	138,212
Total equity and liabilities		198,732	270,570	178,960	252,720

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 2017

	Note	Share capital	Treasury shares	Accumulated profits	Share-based compensation reserve	Capital reserve	Merger reserve	Acquisition reserve	Foreign currency translation reserve	Non-controlling interests	Total
		$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000
Group											
Balance at 1 July 2015		96,657	(9,901)	78,633	153	568	534	(2,184)	(2,054)	(460)	161,946
Profit for the year		–	–	12,329	–	–	–	–	–	251	12,580
Other comprehensive (loss)/ income for the year, net of tax											
– Foreign currency translation		–	–	–	–	–	–	–	(463)	64	(399)
– Share of other comprehensive loss of associates		–	–	–	–	–	–	–	(180)	–	(180)
Total comprehensive income/(loss) for the year		–	–	12,329	–	–	–	–	(643)	315	12,001
Contributions by and distributions to owners											
Grant of share awards to employees	34	–	–	–	102	–	–	–	–	–	102
Reissuance of treasury shares pursuant to equity compensation plan	30	15	73	–	(88)	–	–	–	–	–	–
Dividends	40	–	–	(36,302)	–	–	–	–	–	–	(36,302)
Total contributions by and distributions to owners		15	73	(36,302)	14	–	–	–	–	–	(36,200)
Changes in ownership interests in subsidiary											
Acquisition of subsidiary		–	–	–	–	–	–	–	–	10,504	10,504
Acquisition of non-controlling interests in subsidiaries	33	–	–	–	–	–	–	(7,203)	–	(8,293)	(15,496)
Total changes in ownership interest in subsidiary		–	–	–	–	–	–	(7,203)	–	2,211	(4,992)
Balance at 30 June and 1 July 2016		96,672	(9,828)	54,660	167	568	534	(9,387)	(2,697)	2,066	132,755
Loss for the year		–	–	(2,572)	–	–	–	–	–	(24)	(2,596)
Other comprehensive loss for the year, net of tax											
– Foreign currency translation		–	–	–	–	–	–	–	(866)	(34)	(900)
Total comprehensive loss for the year		–	–	(2,572)	–	–	–	–	(866)	(58)	(3,496)
Contributions by and distributions to owners											
Grant of share awards to employees	34	–	–	–	263	–	–	–	–	–	263
Reissuance of treasury shares pursuant to equity compensation plan	30	(6)	62	–	(56)	–	–	–	–	–	–
Total contributions by and distributions to owners		(6)	62	–	207	–	–	–	–	–	263
Changes in ownership interests in subsidiary											
Acquisition of non-controlling interests in subsidiaries	33	–	–	–	–	–	–	(2,353)	–	(1,839)	(4,192)
Total changes in ownership interest in subsidiary		–	–	–	–	–	–	(2,353)	–	(1,839)	(4,192)
Balance at 30 June 2017		96,666	(9,766)	52,088	374	568	534	(11,740)	(3,563)	169	125,330

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 2017

	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 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
Contributions by and distributions to owners							
Grant of share awards to employees	34	–	–	–	–	102	102
Reissuance of treasury shares pursuant to equity compensation plan	30	15	73	–	–	(88)	–
Dividends	40	–	–	(36,302)	–	–	(36,302)
Total contributions by and distributions to owners		15	73	(36,302)	–	14	(36,200)
Balance at 30 June 2016 and 1 July 2016		96,672	(9,828)	50,779	422	167	138,212
Loss for the year, representing total comprehensive loss for the year		–	–	(5,512)	–	–	(5,512)
Contributions by and distributions to owners							
Grant of share awards to employees	34	–	–	–	–	263	263
Reissuance of treasury shares pursuant to equity compensation plan	30	(6)	62	–	–	(56)	–
Total contributions by and distributions to owners		(6)	62	–	–	207	263
Balance at 30 June 2017		96,666	(9,766)	45,267	422	374	132,963

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 2017

	Note	2017 $'000	2016 $'000
Cash flows from operating activities:			
(Loss)/profit before income tax		(1,921)	13,340
Adjustments for:			
Depreciation of property, plant and equipment	13	1,839	1,784
Amortisation of intangible assets	15	1,290	731
Impairment loss on trade receivables and bad debts written off, net	8	885	386
(Gain)/loss on disposal of property, plant and equipment	8	(2)	4
Loss on disposal of intangible assets	8	56	–
Interest income	6	(1,858)	(5,346)
Interest expense	7	2,006	5,589
Note repurchase expense	29	2,149	2,025
Share-based compensation expense	34	263	102
Share of results of associate		–	76
Unrealised share of other income from associate		–	(44)
Fair value loss on investment properties	14	168	220
Fair value changes on financial asset designated at fair value through profit or loss	10	–	(4,548)
Fair value changes on derivative asset	10	–	(2,519)
Re-measurement loss on previously held equity interest in subsidiary	33	–	1,594
Gain on sale of financial asset designated at fair value through profit or loss	10	–	(151)
Gain on sale of convertible note	10	–	(5,012)
Unrealised exchange gain		(873)	(7,082)
Operating cash flows before changes in working capital		4,002	1,149
Changes in working capital:			
Increase in trade receivables		(6,914)	(9,279)
(Increase)/decrease in other receivables and prepayments		(24)	405
Increase in inventories		(222)	(74)
(Decrease)/increase in trade and other payables		(700)	869
Increase in deferred revenue		6,599	2,900
Cash generated from/(used in) operations		2,741	(4,030)
Interest received		1,858	1,204
Interest paid		(225)	(267)
Income tax paid		(349)	(1,260)
Net cash flows generated from/(used in) operating activities		4,025	(4,353)

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 2017

	Note	2017 $'000	2016 $'000
Cash flows from investing activities:			
Purchase of property, plant and equipment	13	(893)	(4,086)
Purchase of intangible assets	15	(778)	(1,326)
Proceeds from disposal of property, plant and equipment		–	60
Proceeds from disposal of intangible assets		–	178
Placement of short term investments		(7,550)	(1,276)
Acquisition of subsidiary, net of cash		–	983
Acquisition of convertible bond, net of transaction cost	18	–	(4,200)
Acquisition of long-term investments	16	(1,976)	(4,200)
Interest received on loan receivable and convertible note		–	5,245
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	10	–	62,596
Transfer from/(to) fixed deposits, net		41,709	(38,296)
Net cash flows from investing activities		30,512	168,591
Cash flows from financing activities:			
Transfer to pledged fixed deposits		–	(4)
Repayment of interest-bearing borrowings		(2,134)	(976)
Acquisition of non-controlling interest in subsidiary		(4,192)	(15,315)
Dividends paid	40	–	(36,302)
Interest paid on Notes		(2,053)	(4,902)
Repurchase of Notes		(69,826)	(52,889)
Net cash flows used in financing activities		(78,205)	(110,388)
Net (decrease)/increase in cash and cash equivalents		(43,668)	53,850
Cash and cash equivalents at beginning of the year		69,701	15,738
Effects of exchange rate changes on the balance of cash and cash equivalents		494	113
Cash and cash equivalents at end of the year	23	26,527	69,701

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 2017

1. CORPORATE INFORMATION

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

The 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 cord blood stem cells. The principal activities of the subsidiaries are disclosed in Note 33 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 2016. 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 7 *Disclosure Initiative*	1 January 2017
Amendments to FRS 12 *Recognition of Deferred Tax Assets for Unrealised Losses*	1 January 2017
FRS 115 *Revenue from Contracts with Customers*	1 January 2018
Amendments to FRS 115: *Clarifications to FRS 115 Revenue from Contracts with Customers*	1 January 2018
FRS 109 *Financial Instruments*	1 January 2018
FRS 116 *Leases*	1 January 2019

NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 30 June 2017

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

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

Description	**Effective for annual periods beginning on or after**
Amendments to FRS 110 & FRS 28: *Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*	To be determined
Improvements to FRSs (December 2016)	
- Amendments to FRS 112 *Classifications of the Scope of the Standard*	1 January 2017
- Amendments to FRS 28 *Measuring an Associate or Joint Venture at fair value*	1 January 2018
- Amendments to FRS 40 *Transfers of Investment Property*	1 January 2018
Amendments to FRS 102 *Classification and Measurement of Share-based Payment Transaction*	1 January 2018
Amendments to FRS 104 *Applying FRS 109 Financial Instruments with FRS 104 Insurance Contract*	1 January 2018
INT FRS 122 *Foreign Currency Transactions and Advance Consideration*	1 January 2018

The Accounting Standards Council announced on 29 May 2014 that Singapore incorporated companies listed on the Singapore Exchange will apply a new financial reporting framework identical to the International Financial Reporting Standards. The Group will adopt the new financial reporting framework on 1 January 2018.

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 2018 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.

NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 30 June 2017

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

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

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.

(a) Classification and measurement

The Group currently measures its unquoted equity investments at cost (Note 16). Under FRS 109, the Group will be required to measure these investments at fair value. Any difference between the previous carrying amount under FRS 39 and the fair value would be recognised in the opening retained earnings when the Group applies FRS 109.

(b) Impairment

FRS 109 requires the Group to record expected credit losses on all of its debt securities, loans and trade receivables, either on a 12-month or lifetime basis. The Group expects to apply the simplified approach and record lifetime expected losses on all trade receivables. Upon application of the expected credit loss model, the Group expects a significant impact on its equity due to unsecured nature of its loans and receivables, but it will need to perform a more detailed analysis which considers all reasonable and supportable information, including forward-looking elements to determine the extent of impact.

Transition

The Group plans to adopt the new standard on the required effective date without restating prior periods' information and recognises any difference between the previous carrying amount and the carrying amount at the beginning of the annual reporting period at the date of initial application in the opening retained earnings.

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. The Group expects the adoption of the new standard will result in increase in total assets and total liabilities, EBITDA and gearing ratio.

NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 30 June 2017

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.4 Basis of consolidation and business combinations

(a) *Basis of consolidation*

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

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

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

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

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

- Derecognises the assets (including goodwill) and liabilities of the subsidiary at their carrying amounts at the date when control is lost;
- Derecognises the carrying amount of any non-controlling interest;
- Derecognises 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; and
- Reclassifies the Group's share of components previously recognised in other comprehensive income to profit or loss or retained earnings, as appropriate.

NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 30 June 2017

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

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

(b) *Business combinations and goodwill*

Acquisitions of subsidiaries, 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.

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.

Goodwill is initially measured at cost. Following initial recognition, goodwill is measured at cost less any accumulated impairment losses.

For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's CGUs that are expected to benefit from the combination, irrespective of whether other assets or liabilities of the acquiree are assigned to those units.

The CGUs to which goodwill have been allocated is tested for impairment annually and whenever there is an indication that the CGU may be impaired. Goodwill impairment is determined by assessing the recoverable amount of each CGU (or group of CGUs) to which the goodwill relates.

NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 30 June 2017

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.

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 attributed 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.

NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 30 June 2017

2. **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**

2.6 Foreign currency (cont'd)

(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.

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	–	3 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.

NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 30 June 2017

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.7 Property, plant and equipment (cont'd)

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

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on 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 derecognised when either they have been disposed of or when the investment property is permanently withdrawn from use and no future economic benefit is expected from its disposal. Any gain or loss on the retirement or disposal of an investment property is recognised in profit or loss in the year of retirement or disposal.

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

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.

NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 30 June 2017

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.9 Intangible assets (cont'd)

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 CGU 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 is measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in profit or loss when the asset is derecognised.

(i) *Customer contracts*

The customer contracts were acquired in business combinations and are amortised on a systematic basis over its finite useful life of 12 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 to 5 years.

(iv) *Brand*

Brand was acquired in a business combination and is amortised on a systematic basis over its finite useful life of 15 years, which reflects the pattern of benefits.

(v) *Licence and trademarks*

Licence and trademarks were acquired separately and are amortised on a straight line basis over its finite useful life of 3 to 10 years.

NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 30 June 2017

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 CGU'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 CGU 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.

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 CGU's recoverable amount. A previously recognised impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. If that is the case the carrying amount of the asset is increased to its recoverable amount. That increased amount cannot exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised previously. Such reversal is recognised in profit or loss.

2.11 Subsidiaries

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

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

NOTES TO THE FINANCIAL STATEMENTS
for the financial year ended 30 June 2017

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

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.

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

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

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

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

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

NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 30 June 2017

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

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.

Subsequent to initial recognition, financial assets at fair value through profit or loss are 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 assets at fair value through profit or loss include exchange differences, interest and dividend income.

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 Group Chief Executive Officer.

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

NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 30 June 2017

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.13 Financial instruments (cont'd)

(a) ***Financial assets (cont'd)***

(ii) Loans and receivables

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

(iii) Available-for-sale financial assets

Available-for-sale financial assets include securities. Investments classified as available-for-sale are those, which are neither classified as held for trading nor designated at fair value through profit or loss.

After initial recognition, available-for-sale financial assets are subsequently measured at fair value. Any gains or losses from changes in fair value of the financial assets are recognised in other comprehensive income, except that impairment losses, foreign exchange gains and losses on monetary instruments and interest calculated using the effective interest method are recognised in profit or loss. The cumulative gain or loss previously recognised in other comprehensive income is reclassified from equity to profit or loss as a reclassification adjustment when the financial asset is derecognised.

Investments in equity instruments whose fair value cannot be reliably measured are measured at cost less impairment loss.

De-recognition

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

NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 30 June 2017

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.13 Financial instruments (cont'd)

(b) ***Financial liabilities***

Initial recognition and measurement

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

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

Subsequent measurement

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

De-recognition

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a 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.

NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 30 June 2017

2. **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**

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.

(a) 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.

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.

(b) *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.

NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 30 June 2017

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

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, cord lining and cord tissue 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.

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.

NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 30 June 2017

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.18 Insurance contracts (cont'd)

Some business units within the Group offer Cordlife Transplant Coverage (or "Transplant coverage") as a part of the cord blood banking contracts to certain customers in certain jurisdictions. The Transplant coverage provides a one-time fixed amount of benefit to eligible members for 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 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 consultants 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 derecognised 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.

NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 30 June 2017

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

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.

2.21 Employee benefits

(a) *Defined contribution plans*

The Group participates in the national pension schemes as defined by the laws of the countries in which it has operations. In particular, the Singapore companies in the Group make contributions to the Central Provident Fund scheme in Singapore, a defined contribution pension scheme. 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.

NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 30 June 2017

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

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.

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, cord lining and cord tissue 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.

NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 30 June 2017

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.23 Revenue recognition (cont'd)

Rendering of services (cont'd)

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

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.

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.

NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 30 June 2017

2. **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**

2.24 Taxes (cont'd)

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.

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.

NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 30 June 2017

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.25 Other taxes (cont'd)

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 Share capital and share issuance expenses

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

2.27 Treasury shares

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

2.28 Contingencies

A contingent liability is:

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

(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.

NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 30 June 2017

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 on cord blood, cord lining and cord tissue banking services

The Group recognises revenue from cord blood, cord lining and cord tissue banking services based on the stage of completion method. The stage of completion is measured in accordance with the accounting policy stated in Note 2.23. 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 $2,165,000 (2016: $1,744,000) lower.

Allowance for impairment loss on trade receivables

Where receivables are outstanding beyond the normal trading terms, the likelihood of the recovery of these receivables is assessed by management. Impairment of trade receivables is individually assessed and an allowance for impairment loss is recognised when there is objective evidence that trade receivables is impaired. There are credit control departments in place within the Group to perform recovery procedures and bad debt assessment on a regular and structured basis. In assessing the recoverability, management assessed the likelihood of the recovery of the current trade receivables which are outstanding beyond the normal trading terms. This assessment is based on the attempts by management to recover the amounts outstanding, supportable past collection history and historical write-offs of debts. When the current trade receivable from a customer is considered impaired, an impairment loss on the current and non-current trade receivable (if applicable) from this customer will be recorded. Details of the allowance for impairment loss are outlined in Note 17.

NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 30 June 2017

3. SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS (CONT'D)

3.2 Key sources of estimation uncertainty (cont'd)

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 2017.

The key assumptions used to determine the fair value of the investment properties are further explained in Note 14.

Impairment of non-financial assets

An impairment exists when the carrying value of an asset or CGU 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 CGU 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 note 12, 13, 14 and 15 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, deferred tax assets and deferred tax liabilities at 30 June 2017 was $1,244,000 (2016: $592,000), $Nil (2016: $220,000) and $3,891,000 (2016: $4,073,000) respectively.

NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 30 June 2017

4. REVENUE

	Group	
	2017	2016
	$'000	$'000
Rendering of cord blood, cord lining and cord tissue banking services	51,714	51,415
Rendering of other services	1,013	533
Interest income on non-current trade receivables	7,235	7,679
	59,962	59,627

5. OTHER OPERATING INCOME

	Group	
	2017	2016
	$'000	$'000
Rental income	163	166
Royalty income	2	89
Fees for providing training and technical know-how transfer to associate	–	44
Gain on disposal of property, plant and equipment	2	–
Fair value gain on short-term investments	282	–
Grant income	131	232
Others	294	450
	874	981

6. FINANCE INCOME

		Group	
	Note	2017	2016
		$'000	$'000
Interest income from fixed deposits		905	1,065
Interest income from short-term investments		619	324
Interest income from note receivable	18	334	142
		1,858	1,531
Interest income from bond receivable	10	–	2,173
Interest income from loan to external party	10	–	1,642
		–	3,815

NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 30 June 2017

7. FINANCE COSTS

	Note	Group 2017 $'000	Group 2016 $'000
Interest expense on interest-bearing borrowings		225	267
Interest expense on notes payable	29	1,781	5,322

8. (LOSS)/PROFIT BEFORE INCOME TAX

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

	Note	Group 2017 $'000	Group 2016 $'000
Employee benefits expense	34	21,931	18,837
Audit fees paid to auditors of the Company		215	258
Non-audit fees paid to auditors of the Company		21	21
Operating lease expenses		1,092	932
Depreciation of property, plant and equipment	13	1,839	1,784
Amortisation of intangible assets	15	1,290	731
Impairment loss on trade receivables, net	17	737	297
Bad debts written off		148	89
(Gain)/loss on disposal of property, plant and equipment		(2)	4
Loss on disposal of intangible assets		56	–
Premium paid on reinsurance		448	334

9. INCOME TAX

The major components of income tax expense for the years ended 30 June 2017 and 2016 are:

	Group 2017 $'000	Group 2016 $'000
Current income tax:		
Current income taxation	597	775
(Over)/under provision in respect of previous years	(76)	159
	521	934
Deferred tax:		
Origination and reversal of temporary differences	(66)	(174)
Under provision in respect of previous years	220	–
	675	760

NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 30 June 2017

9. INCOME TAX (CONT'D)

A reconciliation between tax expense and the product of accounting (loss)/profit multiplied by the applicable corporate tax rate for the financial years ended 30 June 2017 and 2016 is as follows:

	Group	
	2017 $'000	2016 $'000
(Loss)/profit before income tax	(1,921)	13,340
Tax at the domestic rates applicable to profits in the countries where the Group operates	(8)	2,858
Adjustments:		
Deferred tax assets not recognised	289	587
Expenses not deductible for tax purposes	1,073	2,575
Income not subject to tax	(453)	(5,098)
Benefits from previously unrecognised tax losses	(318)	–
Effect of partial tax exemption	(25)	(26)
Effect of tax incentive*	–	(254)
Tax rebate	(10)	(20)
Under provision in respect of previous years	144	159
Others	(17)	(21)
	675	760

* 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. FAIR VALUE CHANGES ON FINANCIAL ASSET DESIGNATED AT FAIR VALUE THROUGH PROFIT OR LOSS FAIR VALUE CHANGES ON DERIVATIVE ASSET EXCHANGE DIFFERENCES GAIN ON SALE OF FINANCIAL ASSET DESIGNATED AT FAIR VALUE THROUGH PROFIT OR LOSS GAIN ON SALE OF CONVERTIBLE NOTE

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

On 10 November 2014, the Group and Magnum Opus International Holding Limited (hereby known as "external party" or "Magnum") acquired a 7% senior convertible note (the "Convertible Note") issued by CCBC to Golden Meditech Holdings Limited ("Golden Meditech") in the principal amount of US$50 million. Under the terms of the acquisition, the Group will purchase 50% of the Convertible Note and Magnum will purchase the remaining 50% of the Convertible Note.

The Group's interest in the Convertible Note was bifurcated into a bond receivable and a conversion option, which were recognised as non-current loans and receivables at amortised cost and derivative asset respectively. The bond receivable bears interest rate of 7% per annum.

NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 30 June 2017

10. FAIR VALUE CHANGES ON FINANCIAL ASSET DESIGNATED AT FAIR VALUE THROUGH PROFIT OR LOSS FAIR VALUE CHANGES ON DERIVATIVE ASSET EXCHANGE DIFFERENCES GAIN ON SALE OF FINANCIAL ASSET DESIGNATED AT FAIR VALUE THROUGH PROFIT OR LOSS GAIN ON SALE OF CONVERTIBLE NOTE (CONT'D)

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"). The loan to Magnum 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.

On 30 October 2015 and 13 November 2015, the Company completed the disposal of the financial asset designated at fair value through profit or loss and the disposal of the Convertible Note respectively. The loan receivable from Magnum was repaid during the current financial year upon the disposal of the Convertible Note.

For the financial year ended 30 June 2016, the fair value changes on financial asset designated at fair value through profit or loss and the fair value changes on derivative from 1 July 2015 to date of disposal on 30 October 2015 of $4,548,000 and $2,519,000 respectively was recognised. On the date of disposal, a gain on sale of financial asset designated at fair value through profit or loss and gain on sale of Convertible Note of $151,000 and $5,012,000 respectively was recognised.

For the financial year ended 30 June 2016, the exchange gain on loan to external party, derivative asset and bond receivable of $2,821,000, $1,939,000 and $1,794,000 respectively and the exchange loss on disposal of financial asset designated at fair value through profit or loss and convertible note of $540,000 was recognised.

As the above transactions were completed in the financial year ended 30 June 2016, there was no further financial impact for the financial year ended 30 June 2017.

11. (LOSS)/EARNINGS PER SHARE

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

Diluted (loss)/earnings per share amounts are calculated by dividing (loss)/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.

NOTES TO THE FINANCIAL STATEMENTS
for the financial year ended 30 June 2017

11. (LOSS)/EARNINGS PER SHARE (CONT'D)

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

	Group	
	2017 $'000	2016 $'000
(Loss)/profit for the financial year attributable to owners of the Company	(2,572)	12,329
	'000	'000
Weighted average number of ordinary shares for basic (loss)/earnings per share computation	259,374	259,327
Effects of dilution – share grants	–[(1)]	444
Weighted average number of ordinary shares for diluted (loss)/earnings per share computation	259,374	259,771

(1) 366,050 (2016: Nil) shares granted to employees under the existing employee share grant plans have not been included in the calculation of diluted loss per share because they are anti-dilutive.

12. INVESTMENT IN ASSOCIATE

	Group	
	2017 $'000	2016 $'000
Shares, at cost	316	316
Share of post-acquisition results of associate	78	78
Accumulated impairment loss	(394)	(394)
At 30 June	–	–

Name of company	Country of incorporation	Principal activities	Proportion of ownership interest 2017 %	Proportion of ownership interest 2016 %
Held by Stemlife Berhad				
Thai Stemlife Co., Ltd[1]	Thailand	Cord blood banking services	39.61	35.95

1 Audited by ABA Alliance Co Ltd

NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 30 June 2017

13. PROPERTY, PLANT AND EQUIPMENT

	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 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 and 1 July 2016	908	5,945	2,781	117	3,155	9,085	79	22,070
Additions	32	115	373	54	33	–	286	893
Disposals	(3)	(19)	(51)	(14)	(4)	–	(2)	(93)
Transfer from construction-in-progress	–	149	53	–	105	–	(307)	–
Transfer from investment properties (Note 14)	–	–	–	–	–	540	–	540
Exchange rate adjustments	24	4	12	(4)	–	111	11	158
At 30 June 2017	961	6,194	3,168	153	3,289	9,736	67	23,568
Accumulated depreciation:								
At 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 and 1 July 2016	627	3,674	1,836	73	2,162	408	–	8,780
Charge for the year	134	631	539	18	388	129	–	1,839
Disposals	(3)	(19)	(49)	(14)	(4)	–	–	(89)
Exchange rate adjustments	18	(25)	(2)	–	(9)	(6)	–	(24)
At 30 June 2017	776	4,261	2,324	77	2,537	531	–	10,506
Net book value:								
At 30 June 2016	281	2,271	945	44	993	8,677	79	13,290
At 30 June 2017	185	1,933	844	76	752	9,205	67	13,062

NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 30 June 2017

13. PROPERTY, PLANT AND EQUIPMENT (CONT'D)

	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 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 and 1 July 2016	398	2,033	1,008	750	5,345	–	9,534
Additions	22	40	46	16	–	75	199
Disposals	–	–	(11)	–	–	–	(11)
Transfer from construction-in-progress	–	–	–	75	–	(75)	–
Transfer from investment properties (Note 14)	–	–	–	–	540	–	540
At 30 June 2017	420	2,073	1,043	841	5,885	–	10,262
Accumulated depreciation:							
At 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 and 1 July 2016	241	1,291	744	325	279	–	2,880
Charge for the year	80	226	136	127	92	–	661
Disposals	–	–	(11)	–	–	–	(11)
At 30 June 2017	321	1,517	869	452	371	–	3,530
Net book value							
At 30 June 2016	157	742	264	425	5,066	–	6,654
At 30 June 2017	99	556	174	389	5,514	–	6,732

NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 30 June 2017

13. PROPERTY, PLANT AND EQUIPMENT (CONT'D)

In April 2017, 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 $5,514,000 (2016: $5,066,000) are mortgaged to secure the Group's and the Company's interest-bearing borrowings (Note 25).

14. INVESTMENT PROPERTIES

	Group		Company	
	2017	2016	2017	2016
	$'000	$'000	$'000	$'000
Statements of financial position:				
At 1 July	9,152	3,795	3,590	3,795
Acquisition of subsidiary	–	5,577	–	–
Transfer to property, plant and equipment (Note 13)	(540)	–	(540)	–
Fair value loss recognised in profit or loss	(168)	(220)	(170)	(205)
Exchange rate adjustments	(188)	–	–	–
At 30 June	8,256	9,152	2,880	3,590
Statement of comprehensive income:				
Rental income from investment properties:				
– Minimum lease payments	163	166	140	151
Direct operating expenses arising from:				
– Rental generating properties	87	87	52	64

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 2017. 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.

NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 30 June 2017

14. INVESTMENT PROPERTIES (CONT'D)

Investment properties amounting to $2,880,000 (2016: $3,590,000) are mortgaged to secure the Group's and the Company's interest-bearing borrowings (Note 25).

The investment properties held by the Group and the Company as at 30 June 2017 are as follows:

Description and Location	Existing Use	Tenure	Lease term
Group			
5 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			
5 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 2017

15. INTANGIBLE ASSETS

	Customer contracts $'000	Brand $'000	Goodwill $'000	Club membership $'000	Computer software $'000	Licence $'000	Trademark $'000	Work in progress $'000	Total $'000
Group									
Cost:									
At 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 and 1 July 2016	2,816	2,064	8,009	186	1,977	863	–	775	16,690
Additions	–	–	–	–	486	–	–	292	778
Disposals	–	–	–	(186)	–	–	–	(56)	(242)
Transfer from work in progress	–	–	–	–	725	–	97	(822)	–
Exchange rate adjustments	(46)	(80)	(311)	–	(8)	(3)	–	1	(447)
At 30 June 2017	2,770	1,984	7,698	–	3,180	860	97	190	16,779
Accumulated amortisation:									
At 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 and 1 July 2016	505	147	–	–	755	597	–	–	2,004
Amortisation for the year	340	239	–	–	422	259	30	–	1,290
Exchange rate adjustments	(9)	(11)	–	–	(12)	4	–	–	(28)
At 30 June 2017	836	375	–	–	1,165	860	30	–	3,266
Net carrying amount:									
At 30 June 2016	2,311	1,917	8,009	186	1,222	266	–	775	14,686
At 30 June 2017	1,934	1,609	7,698	–	2,015	–	67	190	13,513

NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 30 June 2017

15. INTANGIBLE ASSETS (CONT'D)

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.

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 CGU, which is its business operations in Malaysia, being Stemlife Berhad.

The recoverable amount of the CGU 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% (2016: 12.5%) and the forecasted growth rates used to extrapolate the cash flow projections beyond the five-year period was 2.0% (2016: 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 values achieved in the year 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.

NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 30 June 2017

15. INTANGIBLE ASSETS (CONT'D)

Impairment testing of goodwill (cont'd)

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.

During the financial year, no impairment loss was recognised (2016: $Nil).

	Club membership $'000	Computer software $'000	Trademark $'000	Work in progress $'000	Total $'000
Company					
Cost:					
At 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 and 1 July 2016	186	1,526	–	769	2,481
Additions	–	35	–	120	155
Disposal	(186)	–	–	(56)	(242)
Transfer from work in progress	–	605	97	(702)	–
At 30 June 2017	–	2,166	97	131	2,394
Accumulated amortisation:					
At 1 July 2015	–	366	–	–	366
Amortisation for the year	–	146	–	–	146
At 30 June 2016 and 1 July 2016	–	512	–	–	512
Amortisation for the year	–	300	30	–	330
At 30 June 2017	–	812	30	–	842
Net carrying amount:					
At 30 June 2016	186	1,014	–	769	1,969
At 30 June 2017	–	1,354	67	131	1,552

NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 30 June 2017

16. LONG-TERM INVESTMENTS

	Group		Company	
	2017 $'000	2016 $'000	2017 $'000	2016 $'000
Available-for-sale financial investments				
– Unquoted equity investments(1)	4,200	4,200	4,200	4,200
– Unquoted non-equity investments(2)	1,976	–	–	–
	6,176	4,200	4,200	4,200

(1) On 1 February 2016, the Group purchased unquoted shares of CellResearch Corporation Pte. Ltd. at cost amounting to $4,200,000. The unquoted equity investments are classified as available-for-sale financial investments 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.

(2) The Group's unquoted non-equity investments comprise investments in money market funds. The investments will mature in September 2020.

17. TRADE RECEIVABLES

	Group		Company	
	2017 $'000	2016 $'000	2017 $'000	2016 $'000
Non-current				
Trade receivables	63,820	61,293	46,301	46,063
Less: Impairment loss	(730)	(783)	(499)	(528)
	63,090	60,510	45,802	45,535
Current				
Trade receivables	27,263	22,986	10,055	9,223
Less: Impairment loss	(2,804)	(1,976)	(605)	(560)
	24,459	21,010	9,450	8,663

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

The Company's current trade receivables are pledged to secure the Group's and the Company's interest-bearing borrowings (Note 25).

Non-current trade receivables represent cord blood, cord lining and cord tissue 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.

NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 30 June 2017

17. TRADE RECEIVABLES (CONT'D)

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	
	2017 $'000	2016 $'000	2017 $'000	2016 $'000
At the beginning of the year	2,759	2,254	1,088	1,023
Charge for the year	737	325	16	65
Write back for the year	–	(28)	–	–
Write off for the year	–	(334)	–	–
Acquisition of subsidiary	–	580	–	–
Exchange differences	38	(38)	–	–
At the end of the year	3,534	2,759	1,104	1,088

Receivables that are past due but not impaired

The Group and the Company have trade receivables amounting to $9,387,000 (2016: $7,982,000) and $3,885,000 (2016: $3,501,000) 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 2016	7,982	1,929	932	574	4,547
30 June 2017	9,387	1,657	853	792	6,085
Company					
30 June 2016	3,501	1,103	516	276	1,606
30 June 2017	3,885	788	381	227	2,489

NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 30 June 2017

18. OTHER RECEIVABLES

	Group		Company	
	2017 $'000	2016 $'000	2017 $'000	2016 $'000
Non-current				
Note receivable[(1)]	4,200	4,200	4,200	4,200
Deposits	–	105	–	–
Other receivables	11	12	11	12
	4,211	4,317	4,211	4,212
Current				
Interest receivable on note receivable[(1)]	140	143	140	143
Interest receivable on fixed deposits	129	380	23	340
GST receivable	227	275	153	190
Advances	160	101	8	–
Other receivables	851	709	55	25
Reinsurance assets (Note 26)	109	63	64	–
Deposits	486	343	84	67
	2,102	2,014	527	765

(1) 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 $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 note receivable and a conversion option. As at 30 June 2017, the fair value of the conversion option is $Nil (2016: $Nil).

19. INVENTORIES

	Group		Company	
	2017 $'000	2016 $'000	2017 $'000	2016 $'000
Consumables, at cost	1,279	1,057	376	429

Inventories recognised as an expense in cost of sales amount to $4,541,000 (2016: $4,680,000).

20. AMOUNTS OWING BY/(TO) SUBSIDIARIES

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

21. SHORT-TERM INVESTMENTS

	Group		Company	
	2017 $'000	2016 $'000	2017 $'000	2016 $'000
Held for trading				
Unquoted non-equity investments	22,261	14,970	–	–

NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 30 June 2017

21. SHORT-TERM INVESTMENTS (CONT'D)

The Group's unquoted non-equity investments comprise investments in money market funds.

22. FIXED DEPOSITS

	Group		Company	
	2017 $'000	2016 $'000	2017 $'000	2016 $'000
Unpledged fixed deposits	11,778	53,399	10,747	47,567
Pledged fixed deposits	258	324	–	–

As at 30 June 2017, the Group's unpledged fixed deposits will mature within one to six months (2016: two to twelve months) and bear interest at an effective rate of 1.6% (2016: 1.4%) per annum.

Pledged fixed deposits, which will mature within one to twelve months (2016: six months) and bear interest at an effective rate of 2.3% (2016: 0.8%) per annum, are pledged to secure merchant credit card facilities.

23. CASH AND CASH EQUIVALENTS

	Group		Company	
	2017 $'000	2016 $'000	2017 $'000	2016 $'000
Cash at bank and on hand	26,527	69,701	18,404	59,769

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	
	2017 $'000	2016 $'000	2017 $'000	2016 $'000
Singapore Dollar	151	186	–	–
Malaysian Ringgit	871	1,244	871	1,244
Swiss Franc	4	17	3	15
United States Dollar	7,917	7,702	7,915	7,700
Chinese Yuan	27	27	–	–

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 2017

24. TRADE AND OTHER PAYABLES

	Group		Company	
	2017	2016	2017	2016
	$'000	$'000	$'000	$'000
Current				
Trade payables	3,017	3,862	231	600
Other payables	4,659	5,136	1,205	2,135
Accrued expenses	2,404	3,319	1,254	2,171
Accrued interest payable	–	546	–	546
Accrual for salaries and bonuses	1,167	658	507	270
	11,247	13,521	3,197	5,722
Non-current				
Other payables	200	86	4	–

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

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

25. INTEREST-BEARING BORROWINGS

	Group and Company	
	2017	2016
	$'000	$'000
Current liabilities		
Current portion of long-term loans:		
Loan I	271	277
Loan III	680	680
Loan IV	1,167	1,167
Total current liabilities	2,118	2,124
Non-current liabilities		
Non-current portion of long-term loans:		
Loan I	4,767	5,049
Loan III	680	1,360
Loan IV	1,166	2,333
Total non-current liabilities	6,613	8,742

Loan I

Loan I comprises of a SGD bank loan drawn down on 1 July 2011 under an approved $6,450,000 loan facility secured by a first mortgage over the Group's leasehold building (Note 13) and investment properties (Note 14) and a charge over all current trade receivables of the Company (Note 17). 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 2017

25. INTEREST-BEARING BORROWINGS (CONT'D)

Loan III

Loan III comprises of a SGD bank loan drawn down on 18 November 2013 under an approved $3,400,000 loan facility secured by a first mortgage over the Group's leasehold building (Note 13) and investment properties (Note 14) and a charge over all current trade receivables of the Company (Note 17). 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 of a SGD bank loan drawn down on 1 July 2015 under an approved $3,500,000 loan facility secured by first mortgage over the Group's leasehold building (Note 13) and investment properties (Note 14) and a charge over all current trade receivables of the Company (Note 17). Interest rate is fixed at 1.50% + 1-month Swap Offer Rate. The loan is repayable over 3 annual instalments.

26. INSURANCE CONTRACT LIABILITIES

	Group		Company	
	2017 $'000	2016 $'000	2017 $'000	2015 $'000
At 1 July	1,056	–	–	–
Change in insurance liabilities during the year	216	1,056	64	–
At 30 June	1,272	1,056	64	–

Insurance liabilities represent outstanding claim liability and liability for expected future claims to be incurred as a result of terms in the Group's cord blood banking contracts with certain customers in certain jurisdictions.

As at 30 June 2017, the Group's and Company's outstanding claims liability amounted to $109,000 (2016: $63,000) and $64,000 (2016: $Nil) respectively, which is reinsured by an annual renewable reinsurance agreement effective for the financial year. Correspondingly, as at 30 June 2017, the Group's and Company's reinsurance assets amounted to $109,000 (2016: $63,000) and $64,000 (2016: $Nil) and are recognised as other receivables (see Note 18).

27. DEFERRED REVENUE

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

NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 30 June 2017

28. DEFERRED TAX ASSETS/LIABILITIES

	Group				Company	
	Consolidated statement of financial position		Consolidated statement of comprehensive income		Statement of financial position	
	2017 $'000	2016 $'000	2017 $'000	2016 $'000	2017 $'000	2016 $'000
Deferred tax liabilities						
Differences in depreciation for tax purposes	395	169	(226)	(39)	332	105
Unrealised share of other income from associate	–	(29)	(29)	(7)	–	–
Unutilised tax losses	(317)	–	317	–	(317)	–
Fair value adjustment on acquisition of subsidiary	3,813	3,933	4	–	–	–
	3,891	4,073			15	105
Deferred tax assets						
Unutilised tax losses	–	220	(220)	220	–	220
	–	220			–	220
Deferred tax expense			(154)	174		

Unrecognised tax losses

At the end of the reporting period, the Group has tax losses of approximately $1,251,000 (2016: $2,440,000) 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 of $2,010,000 (2016: $1,640,000) relating to investments in subsidiaries.

Tax consequences of proposed dividends

There are no income tax consequences (2016: $Nil) attached to the dividends to the shareholders proposed by the Company but not recognised as a liability in the financial statements (Note 40).

NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 30 June 2017

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 were redeemable upon maturity on 28 October 2017 and were listed on the Official List of the SGX-ST.

In the current financial year, the Group repurchased $68,250,000 (2016: $51,750,000) in principal amount of the Notes (the "Repurchased Notes"). The difference of $2,149,000 (2016: $2,025,000) between the repurchase consideration and the carrying value of the Notes was recorded as "Notes repurchase expense" in profit or loss. As at 30 June 2017, there are no outstanding notes payable (2016: $67,403,000).

Interest expense on the Notes of $1,781,000 (2016: $5,322,000) is recognised in profit or loss.

30. SHARE CAPITAL AND TREASURY SHARES

(a) Share capital

	Group and Company			
	2017		2016	
	No. of shares '000	$'000	No. of shares '000	$'000
Issued and fully paid:				
Ordinary shares				
At 1 July	267,525	96,672	267,525	96,657
Reissuance of treasury shares pursuant to equity compensation plan	–	(6)	–	15
At 30 June	267,525	96,666	267,525	96,672

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.

NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 30 June 2017

30. SHARE CAPITAL AND TREASURY SHARES (CONT'D)

(b) Treasury shares

	Group and Company			
	2017		2016	
	No. of shares '000	$'000	No. of shares '000	$'000
At 1 July	(8,167)	(9,828)	(8,228)	(9,901)
Reissuance of treasury shares pursuant to equity compensation plan	51	62	61	73
At 30 June	(8,116)	(9,766)	(8,167)	(9,828)

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

The Company did not acquire any (2016: nil) shares in the Company through purchase of its own shares during the financial year.

31. 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.

NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 30 June 2017

31. OTHER RESERVES (CONT'D)

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.

32. 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 2017 and 2016.

Operating lease commitments – as lessee

The Group leases office space under non-cancellable lease arrangements which have remaining lease terms ranging from one month to seven years (2016: four months to seven 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	
	2017 $'000	2016 $'000	2017 $'000	2016 $'000
Within one year	1,004	1,085	117	210
After one year but not more than five years	1,776	2,252	136	207
More than five years	66	144	–	–
	2,846	3,481	253	417

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 30 months (2016: up to 36 months). There are no renewal options and contingent rent provisions included in the contracts. The lessees are restricted from subleasing the premises.

NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 30 June 2017

32. COMMITMENTS (CONT'D)

Operating lease commitments – as lessor (cont'd)

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

	Group		Company	
	2017 $'000	2016 $'000	2017 $'000	2016 $'000
Within one year	135	150	133	144
After one year but not more than five years	62	212	62	209
	197	362	195	353

33. INVESTMENT IN SUBSIDIARIES

	Company	
	2017 $'000	2016 $'000
Unquoted equity shares, at cost	58,980	54,656
Less: Impairment loss	(270)	(270)
	58,710	54,386

Name of company	Country of incorporation	Principal activities	Percentage of equity held 2017	Percentage of equity held 2016
			%	%
Held by the Company:				
Cordlife (Hong Kong) Limited[1]	Hong Kong	Cord blood and cord lining banking services	100	100
Cordlife Stem Cell Technology Limited[1]	Hong Kong	Cord lining banking services	100	100
Cordlife Technologies Pte. Ltd.[2]	Singapore	Cord lining banking services	100	100
CS Cell Technologies Pte. Ltd.[2]	Singapore	Investment holding	100	100
Stemlife Berhad[3]	Malaysia	Cord blood banking services	99.03	89.88
Shanghai Cordlife Biomedical Research Co., Ltd[4]	People's Republic of China	Dormant	100	100

NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 30 June 2017

33. INVESTMENT IN SUBSIDIARIES (CONT'D)

Name of company	Country of incorporation	Principal activities	Percentage of equity held 2017	2016
			%	%
Held by CS Cell Technologies Pte Ltd				
Cordlife Sciences (India) Pvt. Ltd.[5]	India	Cord blood, cord lining and cord tissue banking services	99.99	99.99
Cordlife Medical Phils., Inc[6]	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
Held by Cordlife Stem Cell Technology Limited				
Hong Kong Screening Centre Limited[1]	Hong Kong	Newborn screening for metabolic disorders	67	67
Held by Stemlife Berhad				
Stemlife Properties Sdn. Bhd.[3]	Malaysia	Property investment company	99.03	89.88
Stemlife Therapeutics Sdn. Bhd.[3]	Malaysia	Cord lining and cord tissue banking services	99.03	89.88
SL Diagnostics Sdn. Bhd.[3]	Malaysia	Dormant	99.03	89.88
Stemlife Logistics Sdn. Bhd.[3]	Malaysia	Dormant	99.03	89.88
Stemlife Pte. Ltd.[2]	Singapore	Management services	99.03	89.88

1 Audited by Ernst & Young, Hong Kong

2 Audited by Ernst & Young LLP, Singapore

3 Audited by Ernst & Young, Kuala Lumpur

4 Audited by Shanghai Xinyi Certified Public Accountants Co. Ltd

5 Audited by D.N Mukherjee & Co.

6 Audited by BDO Roxas Cruz Tagle & Co.

7 Statutory audit not required

NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 30 June 2017

33. INVESTMENT IN SUBSIDIARIES (CONT'D)

Stemlife Berhad

As at 30 June 2015, the Group had a 31.81% interest in Stemlife Berhad. On 12 November 2015, the Group served a notice of conditional mandatory take-over offer (the "Offer") to 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%. Pursuant to the above, the Group recognised a remeasurement loss on previously held equity interest in Stemlife Berhad 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.

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%. In November 2016, the Company made a voluntary take-over offer to acquire the remaining shares of Stemlife. At the close of the offer, the Group obtained 9.15% interest from the non-controlling interests in Stemlife to arrive at a total interest in Stemlife of 99.03%. The Group accounted for its acquisition of the additional interest in Stemlife from non-controlling shareholders as a transaction with non-controlling interests and recognised the resulting loss of $2,353,000 (2016: $7,203,000) directly in equity.

34. EMPLOYEE BENEFITS EXPENSE

	Group	
	2017 $'000	2016 $'000
Salaries, bonuses and other short-term benefits	20,237	17,513
Defined contribution plans	1,431	1,222
Share-based compensation expense (Cordlife Share Grant Plan)	263	102
	21,931	18,837

These include the amount shown as key management personnel compensation in Note 35(b).

Cordlife Share Grant Plan

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

NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 30 June 2017

34. EMPLOYEE BENEFITS EXPENSE (CONT'D)

Cordlife Share Grant Plan (cont'd)

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.

NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 30 June 2017

34. EMPLOYEE BENEFITS EXPENSE (CONT'D)

Cordlife Share Grant Plan (cont'd)

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

Movement of share awards during the year

	Group	
	2017	2016
	No. of shares	
Outstanding at 1 July	456,500	316,500
– Granted	–	859,900
– Awarded	(51,150)	(61,000)
– Cancelled	(39,300)	(658,900)
Outstanding at 30 June	366,050	456,500

The expense recognised in profit or loss for employee services received under the Cordlife Share Grant Plan during the financial year ended 30 June 2017 is $263,000 (2016: $102,000).

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.

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34. EMPLOYEE BENEFITS EXPENSE (CONT'D)

Cordlife Share Grant Plan (cont'd)

Fair value of share awards granted (cont'd)

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

	2017	2016
Expected dividend yield (%)	N.A.	6.6
Expected volatility (%)	N.A.	34.09
Risk-free interest rate (%)	N.A.	0.44 to 0.84
Expected term (years)	N.A.	2
Share price at date of grant ($)	N.A.	1.445

Based on the Monte Carlo simulation model, the estimated fair value at the date of grant for each share granted under the Cordlife Share Grant Plan for the year ended 30 June 2016 was $1.923.

35. 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	
	2017 $'000	2016 $'000
Fees for providing training and technical know-how transfer to associate	–	44
Royalty income from associate	–	48

(b) Compensation of key management personnel

	Group	
	2017 $'000	2016 $'000
Salaries and bonuses	2,118	4,041
Defined contribution plans	105	128
Other short-term benefits	119	314
Share-based compensation	199	102
Directors' fees	188	1,493
	2,729	6,078
Comprise amounts paid to:		
Directors of the Company	946	3,792
Other key management personnel	1,783	2,286
	2,729	6,078

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for the financial year ended 30 June 2017

36. FINANCIAL RISK MANAGEMENT

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

Concentration of credit risk

As at 30 June 2017, the Group has note receivable of $4,200,000 (2016: $4,200,000). Details are disclosed in Note 18 to the financial statements.

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

Interest rate risk

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

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 (2016: 75) basis points lower/higher with all other variables held constant, the Group's profit net of tax would have been $54,000 (2016: $67,000) higher/lower, arising mainly as a result of lower/higher interest expense on floating rate interest-bearing borrowings.

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FINANCIAL STATEMENTS
for the financial year ended 30 June 2017

36. FINANCIAL RISK MANAGEMENT (CONT'D)

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 $38,305,000 (2016: $123,100,000). 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 cash and cash equivalents 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 $396,000 (2016: $385,000) higher/lower, arising as a result of higher/lower revaluation gains on cash and cash equivalents denominated in USD.

37. FAIR VALUE OF ASSETS AND LIABILITIES

(a) Fair value hierarchy

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

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

NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 30 June 2017

37. FAIR VALUE OF ASSETS AND LIABILITIES (CONT'D)

(b) Assets and liabilities measured at fair value

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

	Fair value measurements at the end of the reporting period using			
	Quoted prices in active markets for identical instruments (Level 1) $'000	Significant observable inputs other than quoted prices (Level 2) $'000	Significant unobservable inputs (Level 3) $'000	Total $'000
Group				
2017				
Recurring fair value measurements				
Assets				
Financial assets:				
Held for trading investments				
– Unquoted non-equity investments (Note 21)	–	22,261	–	22,261
Held-to-maturity investments				
– Unquoted non-equity investments (Note 16)	–	1,976	–	1,976
Financial assets as at 30 June 2017	–	24,237	–	24,237
Non-financial assets:				
Investment properties				
– Commercial properties (Note 14)	–	8,256	–	8,256
Non-financial assets as at 30 June 2017	–	8,256	–	8,256

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FINANCIAL STATEMENTS
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37. 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			
	Quoted prices in active markets for identical instruments (Level 1) $'000	Significant observable inputs other than quoted prices (Level 2) $'000	Significant unobservable inputs (Level 3) $'000	Total $'000
Group				
2016				
Recurring fair value measurements				
Assets				
Financial assets:				
Held for trading investments				
– Unquoted non-equity investments (Note 21)	–	14,970	–	14,970
Financial assets as at 30 June 2016	–	14,970	–	14,970
Non-financial assets:				
Investment properties				
– Commercial properties (Note 14)	–	9,152	–	9,152
Non-financial assets as at 30 June 2016	–	9,152	–	9,152

NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 30 June 2017

37. 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			
	Quoted prices in active markets for identical instruments (Level 1) $'000	Significant observable inputs other than quoted prices (Level 2) $'000	Significant unobservable inputs (Level 3) $'000	Total $'000
Company				
2017				
Recurring fair value measurements				
Non-financial assets:				
Investment properties				
– Commercial properties (Note 14)	–	2,880	–	2,880
Non-financial assets as at 30 June 2017	–	2,880	–	2,880
2016				
Recurring fair value measurements				
Non-financial assets:				
Investment properties				
– Commercial properties (Note 14)	–	3,590	–	3,590
Non-financial assets as at 30 June 2016	–	3,590	–	3,590

(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:

Unquoted non-equity investments

Unquoted non-equity investments are valued based on quotes provided by fund managers.

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.

(d) 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

Unquoted equity investments (Note 16) are stated at cost because the shares do not have a quoted price in an active market and the fair value cannot be reliably measured.

NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 30 June 2017

37. 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 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 non-current 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 individual entities within the Group.

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

38. CLASSIFICATION OF FINANCIAL INSTRUMENTS

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

	2017 $'000	2016 $'000
Group		
Financial assets		
Loans and receivables:		
Trade receivables	87,549	81,520
Other receivables	6,313	6,331
Fixed deposits	12,036	53,723
Cash and cash equivalents	26,527	69,701
	132,425	211,275
Fair value through profit or loss:		
Short-term investments	22,261	14,970
Financial assets at cost:		
Long-term investments	4,200	4,200
Available-for-sale:		
Long-term investments	1,976	–
Financial liabilities		
Liabilities at amortised cost:		
Trade and other payables	11,447	13,607
Interest-bearing borrowings	8,731	10,866
Notes payable	–	67,403
	20,178	91,876

NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 30 June 2017

38. CLASSIFICATION OF FINANCIAL INSTRUMENTS (CONT'D)

	2017 $'000	2016 $'000
Company		
Financial assets		
Loans and receivables:		
Trade receivables	55,252	54,198
Other receivables	4,738	4,977
Fixed deposits	10,747	47,567
Cash and cash equivalents	18,404	59,769
Amounts owing by subsidiaries	14,533	14,022
	103,674	180,533
Financial assets at cost:		
Long-term investments	4,200	4,200
Financial liabilities		
Liabilities at amortised cost:		
Trade and other payables	3,201	5,722
Amounts owing to subsidiaries	16,733	15,052
Interest-bearing borrowings	8,731	10,866
Notes payable	–	67,403
	28,665	99,043

39. SEGMENT REPORTING

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

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

- The diagnostics segment comprises Metascreen, which is a non-invasive metabolic screening test specially designed for newborn babies, non-invasive prenatal testing service and Eyescreen, a paediatric eye-screening service.

NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 30 June 2017

39. SEGMENT REPORTING (CONT'D)

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 non-current trade receivables.
- Income taxes that are managed on a group basis.
- Subsidiaries not in the principal activities of the provision of cord blood, cord lining and cord tissue banking services, metabolic screening, non-invasive prenatal testing service and paediatric eye-screening service.

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

Segment revenue

	Banking $'000	Diagnostics $'000	Total $'000
Year ended 30 June 2017			
Revenue from external customers	59,066	896	59,962
Total consolidated revenue			59,962
Year ended 30 June 2016			
Revenue from external customers	59,095	532	59,627
Total consolidated revenue			59,627

Segment results

	Banking $'000	Diagnostics $'000	Total $'000
Year ended 30 June 2017			
Depreciation and amortisation	(3,089)	(40)	(3,129)
Segment profit	530	14	544
Fair value loss on investment properties			(168)
Finance income			1,858
Finance costs			(2,006)
Note repurchase expense			(2,149)
Loss before income tax			(1,921)
Income tax			(675)
Loss for the year			(2,596)

NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 30 June 2017

39. SEGMENT REPORTING (CONT'D)

Segment results (cont'd)

	Banking $'000	Diagnostics $'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 loss 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

NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 30 June 2017

39. SEGMENT REPORTING (CONT'D)

Segment assets and liabilities

	Banking $'000	Diagnostics $'000	Others* $'000	Total $'000
Year ended 30 June 2017				
Additions to non-current assets, comprising additions to property, plant and equipment and intangible assets	1,671	–	–	1,671
Segment assets	216,535	444	1,015	217,994
Unquoted equity investments (Note 16)				4,200
Note receivable and interest receivable on note receivable (Note 18)				4,340
Investment properties				8,256
Eliminations+				(36,058)
Per consolidated financial statements				198,732
Segment liabilities	92,053	727	11,479	104,259
Tax payables				1,244
Deferred tax liabilities				3,891
Eliminations+				(35,992)
Per consolidated financial statements				73,402

+ 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, cord lining and cord tissue banking and diagnostic services.

NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 30 June 2017

39. SEGMENT REPORTING (CONT'D)

Segment assets and liabilities (cont'd)

	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
Unquoted equity investments (Note 16)				4,200
Note receivable and interest receivable on note receivable (Note 18)				4,343
Investment properties				9,152
Deferred tax assets				220
Eliminations+				(32,759)
Per consolidated financial statements				270,570
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				137,815

+ 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, cord lining and cord tissue banking and diagnostic services.

Geographical Information

	Revenue		Non-current assets	
	2017 $'000	2016 $'000	2017 $'000	2016 $'000
Singapore	26,331	29,432	11,387	12,501
Hong Kong	4,386	4,853	521	784
India	12,384	12,214	4,123	4,153
Malaysia	6,900	3,456	18,326	18,430
Others	9,961	9,672	474	1,260
	59,962	59,627	34,831	37,128

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

NOTES TO THE FINANCIAL STATEMENTS
for the financial year ended 30 June 2017

40. DIVIDENDS

	Group and Company	
	2017	2016
	$'000	$'000
Declared and paid during the financial year:		
Dividends on ordinary shares:		
Final tax exempt (one-tier) dividend for 2016: Nil (2015: 1.0 cent) per share	–	2,593
Special interim tax exempt (one-tier) dividend for 2017: Nil (2016: 13.0 cents) per share	–	33,709
	–	36,302
Dividends on ordinary shares, subject to shareholders' approval at the AGM:		
Final tax exempt (one-tier) dividend for 2017: 0.5 cents (2016: Nil) per share	1,297	–

41. 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 2017 and 2016.

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	
	2017	2016
	$'000	$'000
Interest-bearing borrowings	8,731	10,866
Notes payable	–	67,403
	8,731	78,269
Equity attributable to owners of the Company	125,161	130,689
Total debt to total equity ratio	6.98%	59.89%

NOTES TO THE FINANCIAL STATEMENTS

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42. EVENTS OCCURRING AFTER THE REPORTING PERIOD

The renewal of the Share Purchase Mandate was approved by the Shareholders at the Extraordinary General Meeting held on 18 July 2017.

Subsequent to the approval, the Company acquired a total of 7,000,000 of its own shares through market purchases. The total amount paid to acquire the shares was $6,674,000 and this will be classified as treasury shares on the Group's and the Company's statements of financial position.

43. AUTHORISATION OF FINANCIAL STATEMENTS FOR ISSUE

The financial statements for the financial year ended 30 June 2017 were authorised for issue in accordance with a resolution of the Directors on 28 September 2017.

STATISTICS OF SHAREHOLDINGS

as at 21 September 2017

Class of equity securities : Ordinary Shares
Number of equity securities : 252,454,904 ordinary shares (excluding treasury shares)
Voting rights : one vote per share
Number of treasury shares : 15,070,450 ordinary shares

STATISTICS OF SHAREHOLDERS

Size of Holdings	No. of Shareholders	%	No. of Shares	%
1 – 99	17	0.83	378	0.00
100 – 1,000	192	9.35	140,004	0.06
1,001 – 10,000	1,241	60.48	7,178,493	2.84
10,001 – 1,000,000	586	28.56	24,306,125	9.63
1,000,001 and above	16	0.78	220,829,904	87.47
	2,052	100.00	252,454,904	100.00

SUBSTANTIAL SHAREHOLDERS AS AT 21 SEPTEMBER 2017
(As recorded in the Register of Substantial Shareholders)

	Direct		Deemed	
Substantial Shareholders[2]	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	10.11	–	–
China Stem Cells Holdings Limited	–	–	25,516,666[3]	10.11
China Cord Blood Services Corporation	–	–	25,516,666[4]	10.11
China Cord Blood Corporation	–	–	25,516,666[5]	10.11
Golden Meditech Stem Cells (BVI) Company Limited	–	–	25,516,666[6]	10.11
Golden Meditech Holdings Limited	–	–	25,516,666[7]	10.11
FIL Limited	–	–	17,904,300[8]	7.09
Robust Plan Limited	15,920,000	6.31	–	–
Shanghai Dunheng Capital Management Co., Ltd	–	–	15,920,000[9]	6.31
Jiaxing Huiling No. 3 Investment Partnership (Limited Partnership)	–	–	15,920,000[10]	6.31
Minsheng (Shanghai) Asset Management Co., Ltd.	–	–	15,920,000[11]	6.31
China Minsheng Investment Corp., Ltd	–	–	15,920,000[12]	6.31
Jiaxing Huiling Capital Management Co., Ltd	–	–	15,920,000[13]	6.31
CMI Capital Co., Ltd	–	–	15,920,000[14]	6.31
Vcanland Holding Group Company Limited	–	–	18,133,000[15]	7.18

STATISTICS OF SHAREHOLDINGS

as at 21 September 2017

	Direct		Deemed	
Substantial Shareholders[2]	Number of Shares	% of total issued Shares[1]	Number of Shares	% of total issued Shares[1]
Li Defu	–	–	18,133,000[16]	7.18
Kunlum Investment Holding Limited	55,509,400	21.99	–	–
LH Capital I Limited	–	–	55,509,400[17]	21.99
LH Partner Assets Limited	–	–	55,509,400[18]	21.99
Shanghai Yuanzhan Haolin Investment L.P.	–	–	55,509,400[19]	21.99
Lighthouse Capital Management, LLC	–	–	55,509,400[20]	21.99
Hu Minglie	–	–	55,509,400[21]	21.99
Yu Yuesu	–	–	55,509,400[22]	21.99
Li Zhe	–	–	55,509,400[23]	21.99
Huangpu Investment Holding Limited	–	–	55,509,400[24]	21.99
China Huarong International Holdings Limited	–	–	55,509,400[25]	21.99
Huarong Real Estate Co., Ltd.	–	–	55,509,400[26]	21.99
China Huarong Asset Management Co., Ltd.	–	–	55,509,400[27]	21.99
Nanjing Xinjiekou Department Store Co., Ltd.	51,870,000	20.55	–	–
Sanpower Group Corporation	–	–	51,870,000[28]	20.55[29]
Yuan Yafei	–	–	51,870,000[30]	20.55

Notes:

(1) As a percentage of the issued share capital of the Company (excluding the 15,070,450 Shares held as treasury shares), comprising 252,454,904 Shares as at the Latest Practicable Date.

(2) The sequence in the presentation of the substantial shareholdings is in chronological order based on the date of them becoming a substantial shareholder.

(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 6 September 2017, China Stem Cells Holdings Limited ("**CSCHL**") is the sole shareholder of China Stem Cells (East) Company Limited ("**CSCECL**") and is therefore deemed to be interested in the Shares held by CSCECL by virtue of Section 4 of the SFA.

(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 6 September 2017, China Cord Blood Services Corporation ("**CCBSC**") is the sole shareholder of CSCHL and is therefore deemed to be interested in the Shares held by CSCECL by virtue of Section 4 of the SFA.

(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 6 September 2017, 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.

(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 6 September 2017, Golden Meditech Stem Cells (BVI) Company Limited ("**GMSCCL**") holds approximately 65.40% equity interests in CCBC and is therefore deemed to be interested in the Shares held by CSCECL by virtue of Section 4 of the SFA.

(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 6 September 2017, Golden Meditech Holdings Limited is the sole shareholder of GMSCCL and is therefore deemed to be interested in the Shares held by CSCECL by virtue of Section 4 of the SFA.

(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 3 December 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.

STATISTICS OF SHAREHOLDINGS

as at 21 September 2017

(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 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.

(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 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.

(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 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.

(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 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.

(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 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.

(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, 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.

(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 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.

(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 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.

(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 03 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.

(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 03 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.

(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 03 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.

(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 03 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.

(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 03 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.

(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 03 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.

(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 03 February 2016, Li Zhe holds 20% 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.

(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 03 February 2016, Huangpu Investment Holding Limited ("**HIHL**") is deemed to be interested in the Shares held by KIHL pursuant to share charge granted by KIHL to HIHL in respect of the Shares acquired or to be acquired by KIHL and a call option over all of the issued ordinary shares in KIHL.

(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 03 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 KIHL by virtue of Section 4 of the SFA.

STATISTICS OF SHAREHOLDINGS

as at 21 September 2017

(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 03 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 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 03 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 KIHL by virtue of Section 4 of the SFA.

(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 10 March 2017, Sanpower Group Corporation ("**Sanpower**") holds approximately 33.42% of the equity interest in Nanjing Xinjiekou Department Store Co. Ltd ("NXDS") and is therefore deemed to be interested in the Shares held by NXDS by virtue of Section 4 of the SFA.

(29) This figure does not account for the effects of the proposed CCBC Acquisition. In the event that the Purchaser acquires the New Target CCBC Shares, Sanpower will be deemed to hold 30.65% of the shares in the Company. Please refer to the Company's letter to shareholders dated 12 October 2017 for more information.

(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 10 March 2017, Yuan Yafei holds approximately 95% of the equity interest in Sanpower and is therefore deemed to be interested in the Shares held by NXDS by virtue of Section 4 of the SFA.

TWENTY LARGEST SHAREHOLDERS

No.	Name	No. of Shares	%
1	MAYBANK KIM ENG SECURITIES PTE LTD	107,999,597	42.78
2	RAFFLES NOMINEES (PTE) LTD	43,226,074	17.12
3	DBS VICKERS SECURITIES (S) PTE LTD	16,089,800	6.37
4	ALLY HONOUR TRADING (HK) LIMITED	12,800,000	5.07
5	DBS NOMINEES PTE LTD	8,826,151	3.50
6	UOB KAY HIAN PTE LTD	8,368,700	3.31
7	CITIBANK NOMINEES SINGAPORE PTE LTD	6,320,058	2.50
8	COOP INTERNATIONAL PTE LTD	3,107,000	1.23
9	PHILLIP SECURITIES PTE LTD	3,096,563	1.23
10	TANTALUM CELLULAR PRODUCTS LLC	2,566,972	1.02
11	XU YALAN	2,136,200	0.85
12	ABN AMRO CLEARING BANK N.V.	1,515,399	0.60
13	UNITED OVERSEAS BANK NOMINEES PTE LTD	1,287,049	0.51
14	CHUNG KWONG YI	1,200,000	0.48
15	OCBC SECURITIES PRIVATE LTD	1,145,200	0.45
16	HSBC (SINGAPORE) NOMINEES PTE LTD	1,145,141	0.45
17	OCBC NOMINEES SINGAPORE PTE LTD	774,100	0.31
18	KHENG MAY LIAN SUSAN	487,970	0.19
19	CIMB SECURITIES (SINGAPORE) PTE LTD	429,454	0.17
20	TERESA HANGCHI	362,154	0.14
	Total	**222,883,582**	**88.28**

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

As at 21 September 2017, approximately 33.52% 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 Seletar Room, Level 3, Temasek Club, 131 Rifle Range Road, Singapore 588406 on Friday, 27 October 2017 at 10.00am 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 2017 together with the Directors' Statement and Auditor's Report thereon. **(Resolution 1)**

2. To re-elect Mr Ho Sheng who is retiring pursuant to Article 94 of the Company's Constitution. **(Resolution 2)**

   Mr Ho Sheng ("Mr Ho") is considered independent for the purpose of Rule 704(8) of the Listing Manual of the Singapore Exchange Securities Trading Limited ("SGX-ST"). If re-elected, Mr Ho will remain Chairman of the Board of Directors, Chairman of the Nominating Committee and a member of the Audit Committee.

3. To re-elect Mr Joseph Wong Wai Leung who is retiring pursuant to Article 94 of the Company's Constitution. **(Resolution 3)**

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

4. To re-elect Mr Michael Steven Weiss who is retiring pursuant to Article 100 of the Company's Constitution. **(Resolution 4)**

5. To re-elect Ms Wong Christine Bei who is retiring pursuant to Article 100 of the Company's Constitution. **(Resolution 5)**

6. To re-elect Ms Wang Tongyan who is retiring pursuant to Article 100 of the Company's Constitution. **(Resolution 6)**

7. To approve the payment of a final tax exempt (one-tier) dividend of S$0.005 per ordinary share for the financial year ended 30 June 2017. **(Resolution 7)**

8. To approve the payment of Directors' fees of up to S$560,000 for the financial year ending 30 June 2018, payable quarterly in arrears (2017: S$680,000). **(Resolution 8)**

9. To appoint Messrs KPMG LLP as the Auditor of the Company in place of the retiring Auditor, Messrs Ernst & Young LLP, to hold office until the conclusion of the next Annual General Meeting of the Company and to authorise the Directors to fix the remuneration of the Auditor. **(Resolution 9)**

   [See Explanatory Note (i)]

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

NOTICE OF
ANNUAL GENERAL MEETING

Special Business

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

11. Authority to allot and issue shares

"That, pursuant to Section 161 of the Companies Act, (Chapter 50 of Singapore) (the "**Companies Act**") and Rule 806(2) of the Listing Manual of the SGX-ST, authority be and is hereby given to the Directors of the Company ("**Directors**") to:

(a) (i) issue shares in the capital of the Company ("shares") whether by way of rights, bonus or otherwise; and/or

(ii) make or grant offers, agreements or options (collectively, "Instruments") that might or would require shares to be issued, including but not limited to the creation and issue of (as well as adjustments to) warrants, debentures or other instruments convertible into shares,

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

(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

NOTICE OF
ANNUAL GENERAL MEETING

(ii) any subsequent bonus issue, consolidation or subdivision of shares;

(3) in exercising the authority conferred by this Resolution, the Company shall comply with the provisions of the Listing Manual of the SGX-ST for the time being in force (unless such compliance has been waived by the SGX-ST) and the Constitution for the time being of the Company; and

(4) (unless revoked or varied by the Company in general meeting) the authority conferred by this Resolution shall continue in force until the conclusion of the next Annual General Meeting of the Company or the date by which the next Annual General Meeting of the Company is required by law to be held, whichever is the earlier." **(Resolution 10)**

[See Explanatory Note (ii)]

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

"That the Directors be and are hereby authorised to grant awards in accordance with the provisions of the Share Grant Plan and to allot and issue from time to time such number of fully paid-up shares as may be required to be delivered pursuant to the vesting of awards under the Share Grant Plan, provided that the total number of new shares which may be issued or shares which may be delivered pursuant to the awards granted under the Share Grant Plan, and all shares, options or awards granted under any other share scheme of the Company then in force, shall not exceed 15% of the issued share capital of the Company (excluding treasury shares) on the day preceding the relevant date of the award." **(Resolution 11)**

[See Explanatory Note (iii)]

13. 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 Purchas**e") 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**");

NOTICE OF
ANNUAL GENERAL MEETING

(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;

"**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

NOTICE OF ANNUAL GENERAL MEETING

(d) the Directors of the Company and/or any of them be and are hereby authorised to complete and do all such acts and things (including executing such documents as may be required) as they and/or he may consider expedient or necessary to give effect to the transactions contemplated and/or authorised by this Resolution. **(Resolution 12)**

[See Explanatory Note (iv)]

By Order of the Board

Ang Siew Koon
Company Secretary

Singapore,
12 October 2017

Explanatory Notes:

(i) **Ordinary Resolution 9** proposed under agenda item 9 above relates to the appointment of Messrs KPMG LLP as Auditor of the Company in place of the retiring Auditor Messrs Ernst & Young LLP and to authorise the Directors to fix their remuneration. Ordinary Resolution 9, if passed, will allow Messrs KPMG LLP to hold office as Auditor of the Company for the financial year ending 30 June 2018 and until the conclusion of the Company's next Annual General Meeting ("AGM"). Information on Messrs KPMG LLP, the rationale for the Proposed Change of Auditor, the confirmation pursuant to Rule 1203(5) of the Listing Manual of the SGX-ST, the Audit Committee's Statement and the Directors' recommendation in connection with the Proposed Change of Auditor are set out in the Company's letter to Shareholders dated 12 October 2017.

(ii) **Ordinary Resolution 10** proposed under agenda item 11 above, if passed, will authorise and empower the Directors from the date of this AGM until the next AGM to issue shares and/or convertible securities in the Company up to an amount not exceeding in aggregate 50% of the total number of issued shares excluding treasury shares of which the total number of shares and convertible securities issued other than on a pro-rata basis to existing shareholders shall not exceed 20% of the total number of issued shares excluding treasury shares of the Company at the time the resolution is passed, for such purposes as they consider would be in the interests of the Company. This authority will, unless revoked or varied at a general meeting, expire at the next AGM of the Company.

(iii) **Ordinary Resolution 11** proposed under agenda item 12 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 12**

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 2017 is set out in the Company's letter to Shareholders dated 12 October 2017. Shareholders should note that the financial effects set out therein are purely for illustrative purposes only.

NOTICE OF ANNUAL GENERAL MEETING

Books Closure Date and Payment Date for Final Dividend

Subject to the approval of the shareholders at the forthcoming Annual General Meeting, the Register of Members and the Transfer Books of the Company will be closed on 3 November 2017 ("**Book Closure Date**") for the purpose of determining members' entitlement to the final dividend ("**Dividend**").

Duly completed registrable transfers received by the Company's Share Registrar Tricor Barbinder Share Registration Services at 80 Robinson Road, #11-02 Singapore 068898 up to 5.00pm on 2 November 2017 ("**Entitlement Date**") will be registered to determine members' entitlements to the Dividend. Subject as aforesaid, persons whose securities accounts with The Central Depository (Pte) Limited are credited with ordinary shares in the capital of the Company as at 5.00pm on the Entitlement Date will be entitled to the Dividend.

The Dividend, if approved by the shareholders at the Annual General Meeting, will be paid on 17 November 2017.

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 name proxy may be treated as representing 100% of the shareholding and the second name 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 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."

Proxy Form

cordlife

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

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.

ANNUAL GENERAL MEETING

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

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)

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

or failing *him/her/them, the Chairman of the meeting as my/our proxy/proxies to attend and to vote for me/us on my/our behalf, at the Annual General Meeting ("AGM") of the Company to be held on Friday, 27 October 2017 at 10.00am at the Seletar Room, Level 3, Temasek Club, 131 Rifle Range Road, Singapore 588406 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 2017 together with the Directors' Statement and Auditor's Report thereon.		
2.	Re-election of Mr Ho Sheng as a director.		
3.	Re-election of Mr Joseph Wong Wai Leung as a director.		
4.	Re-election of Mr Michael Steven Weiss as a director.		
5.	Re-election of Ms Wong Christine Bei as a director.		
6.	Re-election of Ms Wang Tongyan as a director.		
7.	Payment of a Final tax exempt (one-tier) dividend of S$0.005 per ordinary share for the financial year ended 30 June 2017.		
8.	Directors' fees of up to S$560,000 for the financial year ending 30 June 2018, payable quarterly in arrears.		
9.	Appointment of Messrs KPMG LLP as Auditor of the Company in place of the retiring Auditor, Messrs Ernst & Young LLP.		
	Special Business		
10.	Authority to Directors to allot and issue shares		
11.	Authority to grant share awards and to issue shares under the "Cordlife Share Grant Plan"		
12.	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 ________________ 2017

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."

CORPORATE INFORMATION

BOARD OF DIRECTORS

Mr Ho Sheng
Chairman and
Independent Director

Dr Ho Choon Hou
Vice Chairman and
Non-Executive Director

Dr Wong Chiang Yin
Executive Director and
Group Chief Executive Officer

Mr Michael Steven Weiss
Executive Director,
Business Development and
Mergers & Acquisitions
(Appointed as Non-Executive Director on November 1, 2016)
(Re-designated on February 1, 2017)

Dr Goh Jin Hian
Independent Director

Mr Joseph Wong Wai Leung
Independent Director

Mr Chen Bing Chuen Albert
Non-Executive Director

Ms Wong Christine Bei
Non-Executive Director
(Appointed on November 1, 2016)

Ms Wang Tongyan
Non-Executive Director
(Appointed on May 4, 2017)

Mr Gary Xie Guojun
Non-Executive Director
(Resigned on September 30, 2016)

Mr Ho Han Siong Christopher
Non-Executive Director
(Resigned on October 4, 2016)

Ms Tan Poh Lan
Executive Director
(Retired on October 28, 2016)

Ms Wang Taiyang
Non-Executive Director
(Resigned on November 1, 2016)

Mr Hu Minglie
Non-Executive Director
(Resigned on November 1, 2016)

Mrs Eileen Tay-Tan Bee Kiew
Independent Director
(Resigned on November 1, 2016)

Ms Wang Yi
Non-Executive Director
(Appointed on November 1, 2016)
(Resigned on May 4, 2017)

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 Robinson 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 Tan Swee Ho
(Appointed since financial year ended June 30, 2017)

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
Citibank N.A, India Branch
United Overseas Bank (Malaysia) Berhad
OCBC Bank (Malaysia) Berhad

INVESTOR RELATIONS

Mr Frankie Ho
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Royal Group Building
Singapore 048693
Tel: (65) 9858 7990
Email: investor.relations@cordlife.com

CORDLIFE GROUP LIMITED
Company Registration Number: 200102883E

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