

PRESS RELEASE

CORDLIFE'S FY2013 NET PROFIT SURGES 94.7% TO S\$13.5 MILLION

- ***Revenue increased 14.6% year-on-year, driven by rise in number of client deliveries; Gross margin increased slightly from 71% in FY2012 to 73% in FY2013***
- ***Recommend final dividend of 1.0 cent in addition to interim dividend of 1.0 cent; total dividend of 2.0 cents***
- ***Transitioning to a multi-product healthcare company catering to the mother and child segment***

Singapore, 26 August 2013 – Cordlife Group Limited (“Cordlife”, and together with its subsidiaries, the “Group”), a multi-product healthcare company catering to the mother and child segment, reported that its net profit for the full year ended 30 June 2013 (“FY2013”) increased 94.7% to S\$13.5 million year-on-year (yoy) on the back of healthy revenue growth, strong margins as well as a S\$2.7 million one-time disposal gain.

Excluding the one-off disposal gain of S\$2.7 million and one-time non-recurring costs of S\$1.0 million in FY2013, and the IPO expenses of S\$1.9 million recorded in the income statement in FY2012, net profit after tax would still have increased by 33.6% year-on-year.

Based on the strong performance, the Group has proposed a final, 1-tier tax exempt dividend of 1.0 cents, payable on November 15, 2013. This is in addition to the interim dividend of 1.0 cents that was distributed on April 5, 2013. The total dividend of 2.0 cents represented a dividend payout ratio of 34.5% for FY2013.

Mr Jeremy Yee, Executive Director and Chief Executive Officer of Cordlife said: “We continue to maintain a high, consistent level of gross profit margin of about 73%, given our leadership position as Singapore’s largest private cord blood bank. With the completion of the acquisition of cord blood and cord tissue banking businesses and assets in India, the Philippines, Hong Kong and Indonesia from Australia-listed Cordlife Limited, Cordlife is now well-positioned to capitalise on the tremendous growth opportunities in these

The initial public offering of Cordlife’s shares was sponsored by PrimePartners Corporate Finance Pte. Ltd., who assumes no responsibility for the contents of this release.

economies driven by rising affluence of the middle-class. This is in line with Cordlife's strategy to expand its geographical reach in Asia."

Financial Review

Revenue increased by 14.6% from S\$30.3 million in FY2012 to S\$34.7 million in FY2013. The increase in revenue was due mainly to an increase in the number of client deliveries, from approximately 7,200 in FY2012 to 7,700 in FY2013. The increase in client deliveries was due to increased awareness as a result of an increase in educational programmes undertaken by the Group.

Gross profit increased by 17.6% or S\$3.8 million due to the increase in new client deliveries. Gross profit margin increased slightly from 71% in FY2012 to 73% in FY2013. Cost of sales increased by 7.2%, in line with the increase in revenue.

The Group's share of results of associates increased by 31.7% or S\$0.6 million. This was derived from a four-month contribution from the Group's 10% indirect shareholding in China Stem Cells (South) Company Limited ("CSCS") and an eight-month contribution from the Group's 10% direct stake in China Cord Blood Corporation. As a result of the Group's disposal of CSCS, in November 2012, the Group realised a gain of approximately S\$2.7 million.

Selling and marketing expenses increased by 12.9% or S\$0.8 million, to further promote customers' awareness for the purpose of client acquisition. Administrative expenses increased by 11.3% or S\$1.0 million. In FY2012, the Group had incurred an amount of S\$1.9 million relating to IPO expenses. Excluding the IPO expenses, administrative expenses increased by 40.4% or S\$2.9 million from S\$7.3 million in FY2012 to S\$10.2 million in FY2013. This was due to approximately S\$1.0 million of one-time non-recurring costs consisting of S\$0.5 million of professional fees, S\$0.3 million in travel expenses relating to the launch of umbilical cord tissue banking service and S\$0.2 million relating to the move to the new office premise. There was also an increase in headcount and staff cost, as well as an increase in compliance costs.

Finance income increased by more than 100% or S\$0.3 million due to an increase in interest income from fixed deposits and interest income accrued from the convertible bond which the Group invested in FY2012.

Net profit after tax jumped 94.7% from S\$6.9 million in FY2012 to S\$13.5 million in FY2013. Excluding the one-off disposal gain of S\$2.7 million and one-time non-recurring costs of S\$1.0 million in FY2013, and the IPO expenses of S\$1.9 million recorded in the income statement in FY2012, net profit after tax would still have increased by 33.6% year-on-year.

As at June 30, 2013, the Group maintained a strong balance sheet, with cash and cash equivalents of S\$23.3 million and a low gearing of 0.08 times. NAV increased close to 9.0% at 33.32 cents as at June 30, 2013, as compared to 30.58 cents as at June 30, 2012.

Outlook

According to latest government statistics, the total number of births in Singapore was 42,600 in 2012, representing a 7.4% increase from the 39,654 births in 2011. Total fertility rate improved from 1.2 to 1.29 over the same period¹. Given the Singapore government's push to encourage Singaporeans to marry and have children, analysts expect a perk-up in birth rates from 2014, which could benefit Cordlife². Key initiatives in the S\$2 billion Marriage & Parenthood Package rolled out in January 2013 include enhanced support for medical costs related to childbirth, such as an increase in the Baby Bonus cash scheme and extension of the Child Development Account (CDA), which many of Cordlife's clients tap into to pay for its services.

In a report dated 10 April 2013 (the "Deloitte Report") by Deloitte & Touche Financial Advisory Services Limited ("Deloitte"), Singapore and Hong Kong are shown to have high penetration rates of private cord blood banking at approximately 19% in 2011. In Singapore, the projected penetration level is expected to reach 26% by 2015, mainly

¹ Source: [Department of Statistics, Singapore](#)

² Source: White Paper 'to benefit property, transport,' Straits Times, 21 Jan 2013

driven by effective marketing activities by established companies, and increasing public awareness and acceptance levels. The private cord blood banking segment's incremental cord blood storage growth is projected at a Compound Annual Growth Rate (CAGR) of 9% from 2011 to 2015.

On 28 June 2013, the Group announced that it has completed the acquisition of Australia-listed Cordlife Limited's cord blood and cord tissue banking businesses and assets in India, the Philippines, Hong Kong and Indonesia (the "CSCT Acquisition") for an aggregate consideration of A\$5.5 million. The CSCT Acquisition was first announced by the Company on 17 May 2013. The CSCT Acquisition will enable the Company to enlarge its geographical footprint in Asia, and capitalise on the tremendous growth opportunities in these economies driven by the rising affluence of the middle-class in Asia. Having completed the CSCT Acquisition and thus gaining a foothold in the cord blood and cord tissue banking business in India, the Philippines, Hong Kong and Indonesia, the Group remains on the lookout for strategic acquisitions and partnerships in the region.

According to the Deloitte Report, the 2007–2011 CAGR of annual incremental storage units for private cord blood banks in Indonesia, the Philippines and India are at 38% for Indonesia, and 35% for the Philippines and India respectively. The cord blood and cord tissue banking operations in India, the Philippines and Indonesia have developed rapidly, on the back of the fast-rising middle class in these countries seeking better healthcare options for their children.

In China, the penetration rate of private cord blood banking is still low at 2.2% in 2011, indicating much room to grow for the sector, which is expected to do so at a forecast CAGR of 23% by 2015, according to the Deloitte Report. The China's middle-class population is estimated to grow from 290 million in 2011 to a projected 590 million by 2025, which means a progressively larger customer pool for cord blood bank operations.

In addition to expanding the Group's geographical footprint as part of the Group's horizontal growth plans, the Company is focused on growing vertically in terms of the scope of services provided to clients and offering complementary services to its clients. In August 2013, the Group officially launched its newest service, umbilical cord tissue banking in the Philippines, through Cordlife Medical Philippines, Inc., a wholly-owned

subsidiary of the Group. The new offering in the Philippines allows expectant parents to store their newborn's umbilical cord, and the stem cells it contains, for potential use in future therapeutic applications. Umbilical cord tissue banking is a natural extension of Filipino parents' desire for better healthcare options for their children, as shown by the 2007–2011 CAGR of annual incremental storage units for private cord blood banks of 35% in the Philippines. The Group expects to gain further market share with the launch of the cord tissue banking business in the Philippines market.

While the Group continues to seek opportunities for expansion, the Group still remains focused on delivering the highest quality standards to its clients. In July 2013, the Group's Indian subsidiary, Cordlife Sciences India Pvt. Ltd attained accreditation from AABB, an international, not-for-profit association representing individuals and institutions involved in the field of transfusion medicine and cellular therapies. It has been granted the International Certificate of Accreditation for activities relating to the processing, storage and distribution of cord blood. With this AABB accreditation, the Group is confident of further increasing our share of the private cord blood banking business in the fast growing India market.

Mr Yee continued: "Cordlife is currently transitioning into a multi-product healthcare company, with new products in the pipeline catering to the mother and child segment, on top of its existing core businesses in cord blood banking and umbilical cord tissue banking. Going forward, the Group is cautiously optimistic that its strong market position and brand equity, coupled with favourable industry factors, will benefit the Group in the next 12 months. Barring any unforeseen circumstances, the Group expects to remain profitable for FY2014."

- The End -

ABOUT CORDLIFE GROUP LIMITED (Bloomberg stock code: CLGL)

Incorporated in May 2001, Cordlife Group Limited (“Cordlife”, and together with its subsidiaries, the “Group”), is a multi-product healthcare company catering to the mother and child segment and a leading cord blood and tissue banking services provider. Amongst the first private cord blood banks in Asia, Cordlife has established a dominant market leader position in Singapore³. Today, it has the larger market share of the only two private cord blood banks in Singapore. In Hong Kong, it is amongst the three market leaders for private cord blood banks. Cordlife completed the acquisition of the cord blood and cord tissue banking businesses and assets in India, the Philippines and Indonesia from Australia-listed Cordlife Limited in June 2013.

Cordlife collects, processes, tests, cryopreserves and stores stem cells from the umbilical cord blood of the child at birth, allowing customers to preserve their child’s cord blood stem cells for treatment later in his or her life if their child so requires. In March 2011, the Group launched umbilical cord tissue banking service in Hong Kong, offering an additional service that allows customers to collect and store their child’s umbilical cord tissue, which is a rich source of mesenchymal and epithelial stem cells and may potentially help repair the body in different ways. In May 2013, Cordlife Technologies Pte Ltd, a wholly-owned subsidiary of Cordlife Group Limited, launched umbilical cord tissue banking service in Singapore. The storage and banking of umbilical cord tissue services provided in Singapore is currently not licensed by the Ministry of Health, Singapore. This service is provided on a research/clinical trial basis.

Cordlife’s business model, which allows customers to opt for a one-time lump sum payment, or annual payments until the child reaches maturity (21 years old in Singapore and 18 years old in Hong Kong), provides the Group with a stable pool of recurring cash flow.

In addition, Cordlife, through its collaborative relationships or arrangements with major private hospitals and clinics such as Thomson Medical and Parkway East Hospital, has continued to increase public awareness of its cord blood banking services in Singapore. Overseas, the Group has a 10% direct stake in China Cord Blood Corporation – a top

³ Source : Deloitte & Touche Financial Advisory Services Limited report, 10 April 2013

operator in China holding majority shares in the Beijing, Guangdong and Zhejiang Cord Blood Banks, and an approximately 20% share in Shandong Cord Blood Bank.

Cordlife has been accredited since 2005 by AABB (formerly known as the American Association of Blood Banks), an association involved in the field of transfusion medicine and cellular therapies. The Group is one of the first private cord blood banks in Singapore and amongst the first in Hong Kong to have released cord blood units for transplants and other therapeutic use. In Singapore, Cordlife was the first private cord blood bank to release cord blood units for the treatment of cerebral palsy.

Cordlife's track record has won the Group many accolades and awards, including: Best Medical Service Award 2010 by Capital CEO Supreme Brand Awards; Top Pregnant/Baby Products Award 2011 by Pregnancy Magazine; Outstanding Financial Strength Cord Blood Bank 2012 by Quamnet Outstanding Enterprise Awards; Most Popular Brand Award 2010 – The Most Popular Cord Blood Bank by TVB Weekly; and U-Choice Lifestyle Brand Award 2010 by Metroinfo FM99.7⁴. In October 2012, Cordlife was awarded the prestigious SIAS Investors' Choice Awards as runner-up in the "Most Transparent Company Award 2012" New Issues Category.

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⁴ Awarded to Cordlife Hong Kong