

PRESS RELEASE

Cordlife delivers 1QFY2015 core net profit before income tax from operations of S\$1.7 million

- ***Revenue increased 17.0%, driven by increased client deliveries, while maintaining high and steady gross margins above 68%***
- ***Expanding reach in Asia via increased marketing activities in India to capture mind share & market share***
- ***Acquisition of CCBC convertible note to raise its interest in China's largest cord blood bank***
- ***Leveraging on economies of scale and scope as a mother and child consumer healthcare company***

Singapore, 14 November 2014 – Cordlife Group Limited (“Cordlife”, and together with its subsidiaries, the “Group”), a mother and child consumer healthcare company, reported that it recorded a core net profit before income tax from the operations for the quarter ended 30 September 2014 (“1QFY2015”) of S\$1.7 million, excluding the fair value changes on investment in China Cord Blood Corporation (“CCBC”) and the share of results of associates. Revenue grew 17.0% in 1QFY2015, up from S\$11.3 million to S\$13.3 million for 1QFY2015 due to increased client deliveries.

Excluding the Group’s fair value changes on financial asset designated at fair value through profit or loss of S\$4.9 million and share of loss in associate of S\$0.02 million in 1QFY2015, the Group’s core net profit after income tax would have been S\$1.4 million, representing an approximate 8.6% decline from S\$1.5 million for 1QFY2014. This is mainly due to the increase in selling and marketing expenses by 36.1% or S\$1.2 million in 1QFY2015. This is mainly due to the Group’s Indian subsidiary where selling and marketing expenses increased by \$1.3 million, of which S\$0.5 million was spent on Cordlife’s first television commercials in the Indian market. The increase in marketing spent in the Group’s Indian subsidiary was to increase brand awareness amongst its prospective clients and establish its presence in more cities. The increase was offset by a decrease in marketing spend in Singapore by S\$0.2 million due to the adoption of a more cost efficient marketing strategy in Singapore, which achieved economies of scope through offering both cord blood banking and cord lining banking via the same sales and marketing channels.

Fair value changes on investment in CCBC

Cordlife registered a net loss for 1QFY2015 of S\$3.6 million, due to a S\$4.9 million fair value loss on its investment in CCBC, which was computed based on the changes in CCBC's last traded price as at 30 June 2014 of US\$5.52 (S\$6.90) and 30 September 2014 of US\$4.89 (S\$6.23) for 1QFY2015. In 1QFY2014, there was a fair value gain on CCBC of S\$3.1 million computed based on changes in CCBC's last traded share price as at the transfer date of 27 September 2013 of US\$3.46 (S\$4.34) and the reporting date of 30 September 2013 of US\$3.80 (S\$4.77) for 1QFY2014.

Mr Jeremy Yee, Executive Director and Chief Executive Officer of Cordlife said: "We continued to maintain both strong revenue growth and a high, consistent level of gross profit margins in 1QFY2015. The double-digit top line expansion bears testimony to the rising penetration rates and our market leadership in the key markets that we operate in. Going forward, Cordlife remains well-positioned to capitalise on the tremendous growth opportunities in Asia driven by rising affluence and greater health awareness.

Started in Singapore in 2001, we have grown to become a Pan-Asian company, with operations across the region. We continue to ride on the growth story of emerging Asian nations by expanding our geographical presence. Being well aware of the growing opportunities for cord blood banking and other consumer healthcare services in India, we have stepped up our selling and marketing activities to expand our coverage into more cities, and increase our mind share and market share in the country. We are also pleased to have completed the acquisition of the CCBC convertible note on 10 November 2014, thereby further increasing our shareholding interest in CCBC, the largest cord blood banking operator in China. Cordlife has also deepened its reach into China via an alliance with CCBC, announced in March 2014, to provide cord lining banking services that will give it a steady stream of royalty income.

As a consumer healthcare company, we are always actively seeking opportunities to widen our service and product offerings for families, with a focus on the mother and child. We are confident of providing greater value-add to our clients with the new suite of products and services that we are introducing. Cord lining banking services have been launched in Beijing by CCBC in June 2014, with plans to extend these services to Zhejiang and Guangdong provinces in the near term. Since April 2014, Metascreen™, an advanced non-invasive metabolic screening service designed for newborn babies, also became available in Hong

Kong and the Philippines for parents looking for more comprehensive screening of metabolic disorders for their children.”

Financial Review

Revenue increased by 17.0% or S\$2 million from S\$11.3 million in 1QFY2014 to S\$13.3 million in 1QFY2015. The increase in revenue was due to an increase in the number of client deliveries, from approximately 3,500 in 1QFY2014 to 5,100 in 1QFY2015. The increase in client deliveries was due to increased awareness as a result of increased marketing and client acquisition efforts performed in previous quarters.

Gross profit increased by 15.6% or S\$1.2 million due to the increase in new client deliveries. Gross profit margin decreased marginally from 69.2% in 1QFY2014 to 68.3% in 1QFY2015.

Other operating income increased by approximately S\$124,000, mainly from a gain on disposal and rental income generated from the Company’s investment properties of approximately S\$54,000 and S\$47,000 respectively. There were no such gain on disposal and rental income in 1QFY2014.

Selling and marketing expenses and administrative expenses increased by 36.1% or S\$1.2 million in 1QFY2015. This increase was mainly attributable to the Group’s Indian subsidiary where selling and marketing expenses increased by \$1.3 million. Television commercials were aired in the Indian market for the first time as part of a through-the-line integrated marketing plan, which alone accounted for approximately S\$0.5 million during the period. There was also an increase in newspaper advertising, digital marketing and client activation activities. These additional promotional activities had been strategically planned to increase existing market share in India. The increase was offset by a decrease in marketing spend in Singapore by S\$0.2 million due to the adoption of a more cost efficient marketing strategy in Singapore, which achieved economies of scope through offering both cord blood banking and cord lining banking via the same sales and marketing channels. Administrative expenses increased by 8.0% or S\$238,000 in 1QFY2015.

As at 30 September 2014, the Group maintained a strong balance sheet, with cash and cash equivalents, fixed deposits, pledged fixed deposits and short term investments of S\$38.7 million and a low gearing of 0.10 times. Net asset value per ordinary share declined

by 5.4% to 50.63 cents as at 30 September 2014, as compared to 53.50 cents as at 30 June 2014.

The decrease in cash and cash equivalents was mainly due to purchase of treasury shares amounting to approximately S\$6.0 million. Overall, the Group has a net cash position of S\$24.4 million and pledged fixed deposits of S\$1.5 million¹.

A Focused Growth-Path through Economies of Scale and Scope

To derive economies of scale, the Group is riding on the growth story of emerging Asian nations by expanding its geographical footprint for cord blood and umbilical cord lining banking business as well as other newly-introduced products catering to the mother and child segment. Initiatives under this strategy include the following:

- On 10 November 2014, the Group announced that it had completed the acquisition of a convertible note issued by CCBC for approximately US\$44 million, which will result in its interest in CCBC rising to approximately 17.79% of the enlarged share capital of CCBC, assuming full conversion of the note. This transaction was approved by shareholders in an EGM held on 5th November 2014, with a majority vote of 80.43% for the transaction. In China, the penetration rate of private cord blood banking is still low at 2.1% in 2013, indicating much room to grow for the sector, which is expected to do so at a forecast CAGR of 21% between 2013 and 2018, according to a report dated October 2014 (the “Deloitte Report”) by Deloitte & Touche Financial Advisory Services Limited (“Deloitte”). China’s growing middle class population, indicative of a progressively larger customer pool for cord blood banking operations, is expected to result in the penetration rate of private cord blood banking increasing to 5.2% in 2018.
- On 3 March 2014, the Group announced that it had extended its strategic alliance and co-operation with CordLabs Asia Pte. Ltd. and CCBC in relation to the provision of human postnatal umbilical cord lining storage services to certain territories in the People's Republic of China.
- On 9 December 2013, the Group announced that it had acquired a further 11.89% interest (“Additional Acquisition”) in StemLife Berhad, an associated company of Cordlife listed on the ACE Market of the Bursa Malaysia, for a cash payment of

¹ The pledged fixed deposits relate to fixed deposits pledged with a bank to secure credit card instalment facility and a banker’s guarantee of S\$1.2 million issued to a vendor.

approximately RM17.66 million. Following the Additional Acquisition, Cordlife holds approximately 31.81% of the issued and paid-up share capital in StemLife Berhad. Prior to this, the Group announced on 4 October 2013 that it had completed the acquisition of an initial 19.92% interest in StemLife Berhad. StemLife Berhad currently has approximately 40% of the largest cord blood banking company in Thailand, Thai StemLife. The acquisition of 31.81% stake in StemLife Berhad is expected to generate long term revenue and cost synergies between Cordlife and StemLife Berhad.

To benefit from economies of scope, the Group is also looking to provide other complementary products and services that cater to the mother and child segment, in addition to cord blood and umbilical cord lining banking services. Initiatives under this strategy include the following:

- On 30 April 2014, the Group announced that Cordlife had entered into a licensing agreement with StemLife, to jointly explore and develop umbilical cord lining related new services based on cellular technology in Malaysia.
- In April 2014, Metascreen™ was launched in both the Philippines and Hong Kong.
- The Group is expected to launch all adjacent products and services into all the markets this year, and in some cases, leveraging on the power of product and service bundling.

Mr Yee continued: “We remain focused on our plans to expand our geographical footprint (economies of scale), as well as increase the scope of products and services that we will be providing (economies of scope), as a Pan-Asian mother and child consumer healthcare company. 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 and excluding fair value changes on financial asset designated at profit or loss, share of results of associate and any other one-off items, the Group expects to remain profitable for FY2015.”

- 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 consumer healthcare company catering to the mother and child segment and a leading cord blood and umbilical cord lining banking services provider. Amongst the first private cord blood banks in Asia, Cordlife has the largest market share of private cord blood banks in Singapore, Indonesia and the Philippines². In Hong Kong and India, it is amongst the top three market leaders for private cord blood banks. Cordlife completed the acquisition of the cord blood and umbilical cord lining banking businesses and assets in India, the Philippines and Indonesia from Australia-listed Life Corporation Limited (formerly known as Cordlife Limited) in June 2013.

Cordlife, through its collaborative relationships and 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 service in Singapore. Overseas, the Group has a 10.02% direct stake in China Cord Blood Corporation (“CCBC”) – a top cord blood bank operator in China holding majority shares in the Beijing, Guangdong and Zhejiang Cord Blood Banks, and an approximately 24.00% share in Shandong Cord Blood Bank. In November 2014, Cordlife acquired CCBC convertible note for approximately US\$44 million, which will result in its interest in CCBC rising to approximately 17.79% of the enlarged share capital of CCBC, assuming full conversion of the note. In October 2013, Cordlife also acquired a 19.92% stake, which was subsequently increased to approximately 31.81% in December 2013, in StemLife Berhad (“StemLife”). StemLife is a fully licensed cord blood banking facility with the Ministry of Health Malaysia currently listed on the ACE Market of Bursa Malaysia.

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. In addition, in April 2013, Cordlife became the first private cord blood bank in Asia to have launched SEPAX^{®2}, a Swiss-made FDA-approved, GMP compliant automated stem cell processing system that maximises automation while ensuring consistently high cell recoveries.

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; U-Choice Lifestyle Brand Award 2010 by Metroinfo FM99.7; Baby & Kid Brands Awards Year 2013, “My Favourite Cord Blood Bank” by Hong Kong Economic Times; 2014 Most Popular Stem Cell Bank Reader’s Choice by Child Magazine; 2013-2014 MyBB Parent-Child Favorite Cord Blood and Umbilical Cord Bank Company and Baby Kingdom Top 10 Family Brand Award 2012³. 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. In August

² Source : Deloitte & Touche Financial Advisory Services Limited report, October 2014

³ Awarded to Cordlife (Hong Kong) Limited

2013, we were presented with Merit Award for the Singapore Corporate Awards 2013, “Best Investor Relations Award”. In November 2013, Cordlife was named the “Most Transparent Company 2013” in the Retail & Household Goods Category and Mainboard Small Caps Category at the 14th SIAS Investors’ Choice Awards.

ISSUED ON BEHALF OF : Cordlife Group Limited
BY : Financial PR Pte Ltd
4 Robinson Road #04-01
The House of Eden
Singapore 048543
CONTACT : Mr Gabriel Tan / Mr Kamal Samuel
OFFICE : 6438-2990
EMAIL : gabriel@financialpr.com.sg /
kamal@financialpr.com.sg
