



## **Media Release**

# **Cordlife to Become Undisputed Market Leader in Hong Kong with Acquisition of Private Cord Blood Bank HealthBaby**

- *Earnings-accretive acquisition comes as Hong Kong steps up efforts to boost birth rate*

**SINGAPORE, 3 January 2018** – Cordlife Group Limited (“**Cordlife**”, and together with its subsidiaries, the “**Group**”) has signed a sale and purchase agreement to acquire full control of HealthBaby Biotech (Hong Kong) Co., Limited (“**HealthBaby Hong Kong**”), in a move that will expand its presence in the private cord blood banking industry in Hong Kong and Macau.

HealthBaby Hong Kong is a leading private cord blood bank in Hong Kong, where it has been operating since 2006 and has stored approximately 20,000 cord blood units to date. It expanded into Macau the following year. It made an after-tax net profit of about HK\$12.7 million (US\$1.6 million) over the 12 months ended 31 October 2017.

HealthBaby Hong Kong is accredited by AABB (formerly known as the American Association of Blood Banks), an international organisation that sets standards for cord blood banking worldwide, as well as the College of American Pathologists and the Hong Kong Laboratory Accreditation Scheme. The accreditations are a testament to the high standards of its laboratory services.

The HealthBaby brand was founded in 2001 in Taiwan by Taiwanese entrepreneur Mr Chang Hsiu-Kang, who is also the indirect controlling shareholder of the vendor, Stemgen Biotech Holding Limited, a company incorporated in the British Virgin Islands.

Cordlife’s purchase consideration for HealthBaby’s Hong Kong and Macau operations comprises a cash payment of approximately US\$7.0 million after adjusting for US\$2.5 million in HealthBaby Hong Kong’s cash and bank loans that will remain in place. As part of the transaction, Cordlife will also assume the vendor’s debt of HK\$138.2 million (US\$17.7 million) owed to HealthBaby Hong Kong, which it will similarly treat as an intercompany loan owing to its new subsidiary.

“This is an attractive acquisition, enabling us to become the leader in an important market just adjacent to China,” said Mr Michael S. Weiss, Head of Business Development and M&A at Cordlife. “At the end of the day, we are paying only a US\$9.5 million enterprise value for all of HealthBaby Hong Kong.”

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Cordlife's cash payment of approximately US\$7.0 million works out to just 4.4 times the earnings of HealthBaby Hong Kong over the 12 months ended 31 October 2017. "This multiple does not even take into account the potentially substantial top-line and cost synergies we expect in the future, given that Cordlife is already present in Hong Kong," said Mr Weiss.

Cordlife, a Singapore-listed consumer healthcare company, will fund the acquisition using internal resources and external borrowings. It had S\$53.9 million (US\$40.1 million) in cash and cash equivalents, fixed deposits and short-term investments in money market funds as at 30 September 2017.

The acquisition comes at a time when Hong Kong is stepping up efforts to boost its birth rate. In her first policy speech since taking office in July this year, Hong Kong Chief Executive Carrie Lam announced several initiatives on 11 October 2017 to encourage young married couples to start parenthood early and to have more children. These include increasing statutory paternity leave to five days from three, and making public housing more affordable.

"We have been operating in Hong Kong since 2005 and this is one of our most established markets. While competition there is keen, we believe there is room for private cord blood banks to increase take-up rates. This earnings-accretive acquisition will be a significant growth catalyst for us and bolster our presence in Hong Kong," said Dr Wong Chiang Yin, Cordlife's Group CEO and Executive Director.

### End ###

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## **About Cordlife Group Limited (Bloomberg: CLGL; Reuters: CORD.SI)**

Incorporated in May 2001, Cordlife Group Limited (“Cordlife”, together with its subsidiaries, the “Group”) is a leading provider of cord blood, cord tissue and umbilical cord lining banking services in Asia.

As a consumer healthcare company catering to, among others, the mother and child segment, Cordlife has the largest market share among private cord blood banks in Singapore, the Philippines and Indonesia. It is among the Top 3 market leaders in Hong Kong and India. In February 2017, Cordlife increased its shareholding in Stemlife Berhad, the largest cord blood bank in Malaysia and the latest addition to the subsidiaries of the Group, to 99.03%. Cordlife is also the first Singapore private cord blood bank in Myanmar and Vietnam.

Cordlife’s cord blood processing and cryopreservation facility in Singapore is one of only six private cord blood banks in the world to be dually accredited by AABB and FactNetcord, two of the world’s gold standards for cord blood banking. The Group’s majority-owned Hong Kong Screening Centre Limited and Cordlife Sciences (India) Pvt Ltd have also received accreditation from the College of American Pathologists, which only recognises facilities that meet or exceed the highest standards in laboratory services. Cordlife has been listed on the mainboard of Singapore Exchange since March 2012.

For more information, visit <http://cordlife.listedcompany.com>