

## PRESS RELEASE

# Cordlife to acquire China Cord Blood Corporation convertible note for US\$44 million

- Cordlife able to raise its interest in China's largest cord blood banking operator to 17.79%
- Convertible note will provide Cordlife with steady source of income from recurring annual coupon payments of US\$1.75 million up to maturity point
- Strengthens access to the growing Chinese market with high entry barriers, where only one licensed cord blood banking operator is permitted to operate in each licensed region of the PRC

**Singapore, 25 August 2014 – Cordlife Group Limited** ("Cordlife", and together with its subsidiaries, the "Group"), a consumer healthcare company catering to the mother and child segment, announced today that Cordlife has entered into a convertible note sale agreement (the "Agreement") with Magnum Opus International Holdings Limited ("Magnum", and together with Cordlife, the "Purchasers") and Golden Meditech Holdings Limited (the "Vendor"). Under the terms of the Agreement, the Purchasers will purchase from the Vendor in equal proportions a 7% senior convertible note (the "Convertible Note") due 3 October 2017 issued by China Cord Blood Corporation ("CCBC") to the Vendor on 3 October 2012 in the principal amount of US\$50,000,000 (the "Acquisition"). The Vendor will procure CCBC to issue to each of Cordlife and Magnum, a 7% senior convertible note due 3 October 2017 in the principal amount of US\$25,000,000 (the "CGL Note" and the "Magnum Note", respectively).

As at the date hereof, Cordlife has a shareholding interest of approximately 10.02% in CCBC. Assuming full conversion of the CGL Note and the Magnum Note by Cordlife and Magnum respectively, after completion of the Acquisition and assuming no other change in the outstanding share capital and shareholding in CCBC, Cordlife and Magnum will hold approximately 17.79% and 9.72% of the enlarged share capital of CCBC, respectively.

Mr Jeremy Yee, Chief Executive Officer of Cordlife said: "Already among the largest cord blood banking operators in Singapore, India, Indonesia, Philippines and Hong Kong, the potential for an increased stake in CCBC will allow us to build on our leading position in Asia, particularly in the Greater China region. China is one of the fastest growing healthcare markets in Asia, and we are poised to further capitalise on its strong growth prospects with the Acquisition. In addition, the fact that key management of CCBC have increased their shareholdings via Magnum validates our confidence in the future prospects of China's healthcare industry and CCBC itself.

This Acquisition also complements our previously announced proposed strategic alliance with CCBC in relation to the provision of human postnatal umbilical cord lining storage services to certain

territories in China. Collectively, Cordlife's increased stake in and collaboration with CCBC will further strengthen the relationship between both parties."

The purchase of the CGL Note will entitle Cordlife to coupon payments of US\$1,750,000 per annum, which will provide a steady source of income up to the maturity of the CGL Note. In addition, upon maturity of the CGL Note, Cordlife is entitled to receive an amount in cash that would yield a total internal rate of return of 12% on the US\$25,000,000 principal amount of the CGL Note up to the date of maturity of the CGL Note.

Listed on the New York Stock Exchange ("NYSE"), CCBC is the first and largest cord blood banking operator in the People's Republic of China (the "PRC") in terms of geographical coverage and is the only cord blood banking operator with multiple licences in the PRC. CCBC has exclusive rights to operate the cord blood banking business in Beijing, Guangdong and Zhejiang. CCBC also holds a 24.00% equity interest in Shandong Province Qilu Stem Cells Engineering Co. Ltd., the exclusive cord blood banking operator in the Shandong province. On 3 March 2014, Cordlife announced that it has extended its strategic alliance and co-operation with CCBC, in relation to the provision of human postnatal umbilical cord lining storage services to certain territories in the People's Republic of China (the "PRC"). Magnum, a company incorporated in the British Virgin Islands, is controlled by Mr. Yuen Kam, the Chairman of CCBC, and involves the CCBC management team. Magnum was incorporated for the purpose of the Acquisition and has not carried out any other activities other than those in connection with the Acquisition.

According to a report released by Deloitte & Touche Financial Advisory Services Limited in April 2013, the PRC represents one of the highest growth potential markets in Asia with a burgeoning middle class. The PRC's middle class population is estimated to grow from 290 million in 2011 to a projected 590 million by 2025. Under the current regulatory regime in the PRC, a licensed cord blood banking operator may only operate in the region in which it is licensed to operate. In addition, only one licensed cord blood banking operator is permitted to operate in each licensed region of the PRC, and only seven licences have been issued as at the date hereof. The Acquisition will therefore provide the Group with increased exposure to three such licensed regions in the PRC market.

#### **Facility agreement in connection with the Acquisition**

In connection with the Acquisition, Cordlife and Magnum entered into a facility agreement dated 25 August 2014 (the "Facility Agreement"), pursuant to which Cordlife will lend Magnum funds in an aggregate amount of up to US\$46,500,000 for the purposes of financing the consideration payable by Magnum for the Magnum Note and the costs, fees and expenses incurred by Magnum in connection with the Acquisition.

The entry into the Facility Agreement is beneficial to the Group as it is in line with the Group's investment strategy to redeploy its capital more efficiently for higher yield investments and it is accretive to shareholders of Cordlife. The terms of the Facility Agreement enable Cordlife to generate a good return and interest income from the principal amount of the Facility Agreement.

### **Financial Impact**

The total consideration for the Acquisition is US\$88,090,000 (which is equivalent to approximately S\$109,760,000 based on an exchange rate of US\$1.00: S\$1.246) (the "Consideration"). Under the terms of the Agreement, each of the Purchasers will purchase 50% of the outstanding principal amount of the Convertible Note at a purchase price of US\$44,045,000, being 50% of the Consideration.

The Consideration was arrived at after arm's length negotiations between the Vendor and the Purchasers on a willing-buyer and willing-seller basis after taking into account various factors, including CCBC's share price, its net asset value and the book value of the Convertible Note.

On the bases and assumptions set out in the announcement dated 25 August 2014 released by Cordlife on SGXNET (the "Announcement"), the pro forma NTA and EPS per Share of Cordlife would be 52.76 cents and 12.02 cents respectively.

The completion of the Acquisition is subject to the fulfilment of certain conditions precedent. For more information on the Acquisition, Cordlife's shareholders may refer to the Announcement.

- 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 established a dominant market leader position in Singapore<sup>1</sup>. 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 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 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 an approximately 10.02% direct stake in China Cord Blood Corporation – a top cord blood banking operator in China holding majority stakes in the Beijing, Guangdong and Zhejiang Cord Blood Banks, and an approximately 24.00% equity interest in Shandong Cord Blood Bank. 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 Berhad 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.

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; and Baby Kingdom Top 10 Family Brand Award 2012<sup>2</sup>. 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 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 14<sup>th</sup> SIAS Investors' Choice Awards.

## **ABOUT CHINA CORD BLOOD CORPORATION (NYSE: CO)**

China Cord Blood Corporation is the first and largest umbilical cord blood banking operator in China in terms of geographical coverage and the only cord blood banking operator with multiple licences in the PRC. Under current PRC government regulations, only one licensed cord blood banking operator is permitted to operate in each licensed region and only seven licenses have been authorised as of today. China Cord Blood Corporation provides cord blood collection, laboratory testing, hematopoietic stem cell processing, and stem cell storage services. For more information, please visit China Cord Blood Corporation's website at <http://www.chinacordbloodcorp.com>.

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<sup>1</sup> Source: Deloitte & Touche Financial Advisory Services Limited report, 10 April 2013

<sup>2</sup> Awarded to Cordlife (Hong Kong) Limited

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