

CORDLIFE GROUP LIMITED
(Company Registration No.: 200102883E)
(Incorporated in the Republic of Singapore)

ANNOUNCEMENT IN RELATION TO:

- (1) **THE PROPOSED ACQUISITION OF 10% OF ISSUED SHARES IN CHINA CORD BLOOD CORPORATION**
 - (2) **THE PROPOSED DISPOSAL OF 10% OF ISSUED SHARES IN CHINA STEM CELLS (SOUTH) COMPANY LIMITED**
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1. INTRODUCTION

The Board of Directors (the "**Directors**") of Cordlife Group Limited (the "**Company**") wishes to announce that:

- (a) the Company has on 15 August 2012 entered into a share purchase agreement (the "**Share Purchase Agreement**") with China Cord Blood Corporation ("**CCBC**") in relation to the proposed acquisition by the Company of 7,314,015 ordinary shares of US\$0.0001 par value per share in the issued share capital of CCBC ("**Sale Shares**") held by CCBC in treasury, representing approximately 10% of the issued share capital of CCBC (including treasury shares) as at the date of the Share Purchase Agreement (the "**Acquisition**"); and
- (b) in connection with the Acquisition, Cordlife (Hong Kong) Limited ("**Cordlife HK**"), a wholly-owned subsidiary of the Company, has on 15 August 2012 entered into a shares repurchase agreement (the "**Shares Repurchase Agreement**") with China Stem Cells (South) Company Limited ("**CSCS**"), a company in which CCBC has an indirect shareholding interest of 90%, in relation to the proposed repurchase by CSCS of Cordlife HK's 100 ordinary shares of US\$1.00 par value per share in the issued share capital of CSCS (the "**Repurchased Shares**"), representing 10% of the issued share capital of CSCS as at the date of the Shares Repurchase Agreement (the "**Disposal**"),

(the Acquisition and the Disposal collectively, the "**Transactions**").

2. INFORMATION REGARDING CCBC

CCBC is a company incorporated in the Cayman Islands and is listed on the New York Stock Exchange, Inc. ("**NYSE**"). As at the date of this Announcement, CCBC has an issued share capital of US\$7,314 divided into 73,140,147 ordinary shares (inclusive of treasury shares) of par value of US\$0.0001 each ("**CCBC Shares**").

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 the only cord blood banking operator with multiple licenses. 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 the date of this Announcement. CCBC provides cord blood collection, laboratory testing, hematopoietic stem cell processing and stem cell storage services in the Beijing municipality, the Guangdong province and the Zhejiang province in the PRC.

The Directors were informed that as at the date of this Announcement, CCBC has a deemed interest in 24,366,666 ordinary shares in the share capital of the Company (the "**Shares**") (representing approximately 10.47% of all issued Shares) held by China Stem Cells (East) Company Limited by virtue of Section 7 of the Companies Act (Chapter 50 of Singapore).¹

3. INFORMATION REGARDING CSCS

CSCS is an investment holding company incorporated in the British Virgin Islands. As at the date of this Announcement, CSCS has an issued and paid up share capital of US\$1,000 divided into 1,000 ordinary shares of par value of US\$1.00 per share ("**CSCS Shares**").

CSCS holds the entire equity interest in Guangzhou Municipality Tianhe Nuoya Bio-engineering Co., Ltd. ("**Guangzhou Tianhe Nuoya**"), a company engaged in the business of providing cord blood banking services in Guangdong province, the PRC and is the sole licence-holder for the operation of a cord blood bank in Guangdong province, the PRC.

At present, the Company has a 10% equity interest in CSCS held through its wholly-owned subsidiary, Cordlife HK. The remaining 90% equity interest in CSCS is currently indirectly held by CCBC, through its indirect wholly-owned subsidiary China Stem Cells Holdings Limited.

4. RATIONALE FOR THE TRANSACTIONS

CCBC runs the largest cord blood banking network in the PRC in terms of geographical coverage, with exclusive licenses to service Beijing municipality, Guangdong province and Zhejiang province. It also holds approximately 14.11% minority interests in Cordlife Limited, a company incorporated in Australia, which has operations in India, Indonesia and the Philippines in the cord blood banking business.

The Transactions present the Company, which already has a presence in Singapore and Hong Kong, with an opportunity and effective platform to expand the geographical reach of its cord blood banking business in the PRC to beyond Guangdong province. Further, the Transactions are accretive as the Company will be able to equity account its 10% stake in CCBC for so long as the Company has a contractual right to appoint one member to the board of directors of CCBC.

Lastly, the Transactions will allow the Company to exchange its equity stake in a private company, CSCS, for ordinary shares in CCBC which can be publicly traded on the NYSE, subject to registration of the Sale Shares with the US Securities and Exchange Commission or the availability of relevant exemptions therefrom, thereby potentially increasing the liquidity of the Company's investment and portfolio.

¹ According to publicly available information, CCBC holds 100% of the share capital of China Cord Blood Services Corporation, which holds 100% of the share capital of China Stem Cells Holdings Limited. China Stem Cells Holdings Limited holds 100% of China Stem Cells (East) Company Limited, which holds approximately 10.47% of the Shares in the Company.

5. **CONSIDERATION**

5.1 **Acquisition Consideration**

The consideration for the Acquisition (the "**Acquisition Consideration**") is US\$20,844,942.75 (which is equivalent to S\$26,514,767.18 based on an exchange rate of US\$1 : S\$1.272) which was arrived at after negotiation on an arm's length basis and on a willing-buyer, willing-seller basis. The Acquisition Consideration represents an approximately 10x multiple of the earnings of CCBC attributable to the Sale Shares for the financial year ended 31 March 2012 and is based on an agreed price of US\$2.85 per Sale Share.

The weighted average price of CCBC Shares traded on the NYSE on 14 August 2012, being the last full day of trading in CCBC Shares on the NYSE immediately prior to the date of the Acquisition Agreement, is US\$2.6417 per CCBC Share².

The Acquisition Consideration will be satisfied partly by way of a set-off against the Disposal Consideration (as defined below) and the remaining portion of US\$4,003,584.02 (the "**Balance Sum**") (which is equivalent to S\$5,092,558.87 based on an exchange rate of US\$1 : S\$1.272) will be funded by the net proceeds raised from the initial public offering ("**IPO**") of the Company on the Singapore Exchange Securities Trading Limited (the "**SGX-ST**").

5.2 **Disposal Consideration**

The consideration for the Disposal (the "**Disposal Consideration**") is US\$16,841,358.73 (which is equivalent to S\$21,422,208.30 based on an exchange rate of US\$1 : S\$1.272) which was arrived at on a willing-buyer and willing-seller basis after arm's length negotiations, based on an approximately 10x multiple of the earnings of CSCS attributable to the Repurchased Shares for the financial year ended 31 March 2012.

The Disposal Consideration represents an excess of approximately S\$4,596,000 over the net asset value ("**NAV**") of the Repurchased Shares of S\$16,826,000 based on the unaudited consolidated financial statements of the Company and its subsidiaries (the "**Group**") for the nine-month period ended 31 March 2012 ("**Group FY2012 3Q Results**"). Based on the Group FY2012 3Q Results, the Group is expected to record a gain of approximately S\$4,662,000 from the Disposal (the "**Disposal Gain**").

The Disposal Consideration shall be satisfied by CCBC in cash and is intended to be utilised as part settlement of the Acquisition Consideration.

5.3 **Use of IPO proceeds**

As disclosed in the Company's prospectus dated 21 March 2012 ("**Prospectus**"), the Company has intended to use S\$16,600,000 (representing approximately 55.9% of the net IPO proceeds of the Company) for the purposes of developing and expanding the Company's business and operations in Singapore and overseas. The Company intends to utilise the amounts allocated for such purposes to pay for the Balance Sum of US\$4,003,584.02. The above utilisation is in accordance with the intended use of the proceeds from the IPO and in accordance with the percentage allocated, as stated in the Prospectus. The Company will make further announcements via SGXNET when the remaining proceeds of the Company's IPO are materially disbursed.

² The figure set out in this paragraph is based on data extracted from Bloomberg.

6. OTHER MATERIAL TERMS AND CONDITIONS

6.1 The Acquisition

- (a) Under the terms of the Share Purchase Agreement, the Acquisition will be conditional upon the fulfilment or waiver of, *inter alia*, the following conditions:
- (i) the shareholders of the Company (the "**Shareholders**") having approved the Acquisition;
 - (ii) CCBC having duly attended to and carried out all corporate procedures that are required under the laws of its place of incorporation to effect its execution, delivery and performance of the Share Purchase Agreement and transactions contemplated thereby;
 - (iii) all consents and approvals of, notices to and filings or registrations with any governmental authority or any other person required pursuant to any applicable law, or pursuant to any contract binding on CCBC or whereby its respective assets are subject or bound, to consummate the transactions contemplated under the Share Purchase Agreement, (including, without limitation, a waiver pursuant to which KKR China Healthcare Investment Limited ("**KKR**") waives its preemptive rights as provided under the Convertible Note Purchase Agreement dated 12 April 2012 between CCBC and KKR in respect of the Acquisition) having been obtained or made;
 - (iv) all consents and approvals of, notices to and filings or registrations with any governmental authority or any other person required on the part of the Company to consummate the transactions contemplated under the Share Purchase Agreement having been obtained or made;
 - (v) since the date of the Share Purchase Agreement, there having been (A) no material adverse change in, and no change in circumstances that has a material adverse impact on the business, operations, properties or financial condition or prospects of CCBC and its subsidiaries ("**CCBC Group**"), taken as a whole, and (B) other than as required by applicable accounting standards, no material change in, and no event or circumstance that has occurred and could result in any material change or amendment to, any historical financial statement of any member of the CCBC Group;
 - (vi) completion of all appropriate actions to elect or appoint at completion of the Acquisition a designee of the Company (the "**Nominee Director Designee**") to the board of directors of CCBC, including, if necessary, taking such appropriate actions to increase the size of the board of directors of CCBC to effect such election or appointment;
 - (vii) there being no objection from the NYSE regarding the transactions contemplated by the Share Purchase Agreement; and
 - (viii) CCBC having received a fairness opinion from its financial advisor in connection with the Transactions.
- (b) CCBC has also undertaken under the Share Purchase Agreement that so long as the Company beneficially owns 10% or more of the CCBC Shares, it shall procure that the Nominee Director Designee be appointed as a non-executive director of CCBC. It

is currently contemplated that the Company will designate Mr. Yee Pinh Jeremy as the Nominee Director Designee to be appointed to the board of directors of CCBC.

6.2 The Disposal

Under the Share Repurchase Agreement, completion of the Disposal is conditional upon the fulfilment or waiver of, *inter alia*, the following conditions:

- (a) approval of the Shareholders for the Disposal having been obtained;
- (b) approval of KKR for the Disposal having been obtained;
- (c) CSCS being and remaining solvent on the completion date of the Disposal; and
- (d) CCBC having received a fairness opinion from its financial adviser in relation to the Disposal.

6.3 Simultaneous completion of the Acquisition and the Disposal

Based on the terms of the Share Purchase Agreement and the Shares Repurchase Agreement, the completion of the Acquisition shall take place simultaneously with the completion of the Disposal.

7. FINANCIAL EFFECTS

The unaudited proforma financial effects analysis of the Transactions has been prepared on the following key bases and assumptions:

- (a) based on, *inter alia*, (i) the last audited consolidated financial statements of the Group for the financial year ended 30 June 2011 (being the most recent available audited consolidated financial statements of the Group) ("**Group FY2011 Accounts**") and (ii) the audited consolidated financial statements of the CCBC Group for the financial year ended 31 March 2011 ("**CCBC FY2011 Results**") after taking into account the unaudited consolidated financial statements of the CCBC Group for the three-month period ended 30 June 2010 and the three-month period ended 30 June 2011 respectively to align with the aforesaid financial period of the Group;
- (b) for the purposes of illustrating the financial effects of the Transactions on the net tangible assets ("**NTA**") per Share of the Group, it is assumed that (i) the Transactions have been completed on 30 June 2011, (ii) the expected Disposal Gain will be approximately S\$4,662,000, and (iii) the foreign currency transition reserve in connection with the Disposal is approximately S\$66,000;
- (c) for the purposes of illustrating the financial effects of the Transactions on the earnings per Share ("**EPS**") of the Group, it is assumed that the Transactions have been completed on 1 July 2010 and that the expected Disposal Gain will be approximately S\$4,662,000;
- (d) the NTA per Share and EPS of the Group are computed based on 232,687,354 Shares;
- (e) the financial effects of the Transactions are purely for illustrative purposes only and are neither indicative of the actual financial effects of the Transactions on the NTA per

Share and EPS of the Group, nor do they represent the future financial performance and/or position of the Group immediately following the completion of the Transactions;

(f) before taking into account differences in the generally accepted accounting standards of Singapore and the United States of America under which the Group FY2011 Accounts and the CCBC FY2011 Results, respectively, have been prepared, as well as the differences in the accounting policies used in the preparation of such financial statements; and

(g) assuming an exchange rate of US\$1 : S\$1.272.

7.1 Effect of the Transactions on the NTA per Share

On the bases and assumptions set out above, the proforma effect of the Transactions on the NTA per Share of the Group is as follows:

	Before the Transactions	After the Transactions
NTA (S\$'000)	40,544	45,140
NTA per Share (S\$)	17.42	19.40

7.2 Effect of the Transactions on EPS

On the bases and assumptions set out above, the proforma effect of the Transactions on the EPS of the Group is as follows:

	Before the Transactions	After the Transactions
Profit attributable to Shareholders (S\$'000)	8,476	13,617
EPS (Singapore cents)	3.64	5.85

8. RELATIVE FIGURES OF THE TRANSACTIONS UNDER CHAPTER 10 OF THE LISTING MANUAL

Based on the Group FY2012 3Q Results, the relative figures computed on the bases set out in Rule 1006 of the listing manual (the "Listing Manual") of the SGX-ST are as follows for the Acquisition and the Disposal respectively:

8.1 The Acquisition

<u>Listing Rule</u>	<u>Bases</u>	<u>Sale Shares</u> <u>(S\$'000)⁽ⁱ⁾</u>	<u>Group</u> <u>(S\$'000)</u>	<u>Relative</u> <u>Figures</u>
1006(a)	The NAV of the assets to be disposed of, compared with the Group's NAV	Not applicable to an acquisition of assets.		
1006(b)	The net profits ⁽ⁱⁱ⁾ attributable to the Sale Shares, compared with	2,256	5,384 ⁽ⁱⁱⁱ⁾	41.9%

the Group's net profits

1006(c) The Acquisition Consideration, compared with the Group's market capitalisation^(iv) 26,515 114,692 23.1%

1006(d) The number of equity securities issued by the Company as consideration for an acquisition, compared with the number of equity securities of the Company previously in issue Not applicable as no equity securities are issued by the Company in connection with the Acquisition.

8.2 The Disposal

<u>Listing Rule</u>	<u>Bases</u>	<u>Repurchased Shares</u> <u>(S\$'000)</u> ⁽ⁱ⁾	<u>Group</u> <u>(S\$'000)</u>	<u>Relative Figures</u>
1006(a)	The NAV of the Repurchased Shares, compared with the Group's NAV	16,826	73,521	22.9%
1006(b)	The net profits ⁽ⁱⁱ⁾ attributable to the Repurchased Shares, compared with the Group's net profits	1,725	5,384 ⁽ⁱⁱⁱ⁾	32.0%
1006(c)	The Disposal Consideration, compared with the Group's market capitalisation ^(iv)	21,422	114,692	18.7%
1006(d)	The number of equity securities issued by the Company as consideration for an acquisition, compared with the number of equity securities of the Company previously in issue			Not applicable as no equity securities are issued by the Company in connection with the Disposal.

Notes:

- (i) Based on an assumed foreign exchange rate of US\$1 : S\$1.272.
- (ii) Net profits is defined as profit before income tax, minority interests and exceptional items.
- (iii) The net profits of the Group are taken from the Group FY2012 3Q Results and it includes the share of results of associate after income tax.

- (iv) The Group's market capitalisation is based on the volume weighted average price per Share of S\$0.4929 transacted on the market day preceding 15 August 2012, being the date of the Share Purchase Agreement and the Shares Repurchase Agreement, and a total number of 232,687,354 Shares being in issue as at the date of this Announcement.

Based on the above, each of the Acquisition and the Disposal constitutes a major transaction under Chapter 10 of the Listing Manual. Therefore the Acquisition and the Disposal are subject to the approval of the Shareholders at an extraordinary general meeting to be convened (the "**EGM**").

9. INTEREST OF DIRECTORS AND CONTROLLING SHAREHOLDERS

Ms. Jin Lu, a non-executive director of the Company, is a director and shareholder of Golden Meditech Holdings Limited, an indirect shareholder of CCBC.

Mr. Yee Pinh Jeremy, the chief executive officer and an executive director of the Company, is a director on the board of CSCS. Upon completion of the Disposal, Mr. Yee Pinh Jeremy will resign as a director of CSCS. In addition, in connection with the Company's right to a board seat on CCBC as mentioned in paragraph 6.1 above, it is currently contemplated that Mr. Yee Pinh Jeremy will be the Nominee Director Designee designated by the Company to be appointed as a non-executive director of CCBC.

Save as aforesaid, none of the Directors or controlling shareholders of the Company has any interest, direct or indirect, in the Transactions. No person is proposed to be appointed as a Director of the Company in connection with the Transactions.

10. DOCUMENTS FOR INSPECTION

Copies of the Share Purchase Agreement and the Shares Repurchase Agreement may be inspected during the Company's normal business hours on any business day for a period of three months from the date of this Announcement at the registered office of the Company at 61 Science Park Road, #05-16/18 The Galen, Singapore Science Park II, Singapore 117525.

11. FURTHER DETAILS

A circular containing further details on the Transactions, together with notice of the EGM, for the purpose of seeking the Shareholders' approval for the Transactions will be despatched to the Shareholders in due course.

By Order of the Board
CORDLIFE GROUP LIMITED

Mr. Yee Pinh Jeremy
Director
15 August 2012

The initial public offering of Cordlife Group Limited's shares was sponsored by PrimePartners Corporate Finance Pte. Ltd..

Forward-Looking Statements

All statements other than statements of historical facts included in this Announcement are or may be forward-looking statements. Forward-looking statements include but are not limited to those using words such as "seek", "expect", "anticipate", "estimate", "believe", "intend", "project", "plan", "strategy", "forecast" and similar expressions or future or conditional verbs such as "will", "would", "should", "could", "may" and "might". These statements reflect the Company's current expectations, beliefs, hopes, intentions or strategies regarding the future and assumptions in light of currently available information. Such forward-looking statements are not guarantees of future performance or events and involve known and unknown risks and uncertainties. Accordingly, actual results may differ materially from those described in such forward-looking statements. Shareholders and investors should not place undue reliance on such forward-looking statements, and the Company does not undertake any obligation to update publicly or revise any forward-looking statements.