

## NEWS RELEASE

### **CORDLIFE TO ACQUIRE 10% OF CHINA CORD BLOOD CORPORATION (NYSE: CO) AND DISPOSE ITS 10% INDIRECT STAKE IN CHINA STEM CELLS (SOUTH) COMPANY LIMITED**

- *Transactions to strengthen strategic alliance with China's largest cord blood banking operator;*
- *In line with Cordlife's strategy to expand geographical reach in China to beyond the Guangdong province;*
- *US\$20.8 million acquisition to be largely offset against US\$16.8 million consideration for the disposal, with balance funded from the IPO proceeds.*

**Singapore, 15 August 2012 – Cordlife Group Limited** (“Cordlife”, and together with its subsidiaries, the “Group”), a cord blood and tissue banking service provider, announced today that it has entered into a Share Purchase Agreement with China Cord Blood Corporation (“CCBC”), to acquire 10% of the total issued share capital of CCBC for a total consideration of approximately US\$20.8 million (or approximately S\$26.5 million<sup>1</sup>) (the “Acquisition”). At the same time, Cordlife, through its wholly-owned subsidiary Cordlife (Hong Kong) Limited, has entered into a Shares Repurchase Agreement with China Stem Cells (South) Company Limited (“CSCS”), to sell to CSCS its 10% stake in CSCS through a repurchase of shares by CSCS (the “Disposal”). CSCS is an indirect subsidiary of CCBC and it holds the entire equity interest in Guangzhou Municipality Tianhe Nuoya Bio-engineering Co., Ltd. (“Guangzhou Tianhe Nuoya”), the sole cord blood banking operator in the Guangdong province.

<sup>1</sup>Based on an exchange rate of US\$1 = S\$1.272

The Acquisition and the Disposal (collectively, the “Transactions”) effectively allow CCBC, which has a 90% indirect shareholding interest in CSCS, to become the sole indirect shareholder of Guangzhou Tianhe Nuoya. Upon completion of the Transactions, Cordlife will own 10% of CCBC, which is the largest cord blood banking operator in the People's Republic of China (the “PRC”) and has exclusive licences to provide cord blood storage services in the Beijing municipality and the provinces of Guangdong and Zhejiang.

Mr. Jeremy Yee, Executive Director and Chief Executive Officer of Cordlife said, “The Transactions cement and strengthen our alliance with CCBC, allowing us to further capitalise on our strategic investments in the PRC. As market leaders in Singapore and Hong Kong, we believe that the Transactions present Cordlife with the opportunity and platform to expand our geographical reach in the PRC beyond the Guangdong province, in line with our growth plans.

“In this win-win situation, we will be able to leverage on CCBC’s extensive cord blood banking network and its management’s ability to expand service coverage within the PRC, and CCBC will be able to leverage on our experience in developed markets in Asia outside of the PRC. Together, we share a common mission to raise awareness in the PRC and other Asian countries of the benefits of cord blood banking services, and believe our strategic partnership will enhance the services that we provide to parents seeking a life-time protection for their children.”

Upon completion of the Transactions, Mr. Yee will be appointed as non-executive director on CCBC’s board of directors, and will step down as a director of CSCS.

## **The Consideration**

The consideration of approximately US\$20.8 million for the Acquisition (“the Acquisition Consideration”) represents an approximately 10x multiple of the earnings of CCBC attributable to the purchased CCBC shares for the financial year ended 31 March 2012 and is based on an agreed price of US\$2.85 per CCBC share.

The consideration for the Disposal (the “Disposal Consideration”) is US\$16.8 million (or approximately S\$21.4 million<sup>1</sup>), and will be utilised as partial settlement of the Acquisition Consideration. The remaining Acquisition Consideration of approximately US\$4.0 million (or approximately S\$5.1 million<sup>1</sup>) will be funded by the net proceeds raised from Cordlife’s initial public offering (“IPO”) on the Singapore Exchange Securities Trading Limited (“SGX-ST”) in March 2012. This is in line with Cordlife’s intentions, as disclosed in Cordlife’s prospectus, to use S\$16.6 million, or about 55.9%, of its net IPO proceeds to develop and expand the Group’s business and operations in Singapore and overseas.

The Disposal Consideration represents an approximately 10x multiple of the earnings of CSCS attributable to the repurchased CSCS shares for the financial year ended 31 March 2012. The Disposal Consideration also represents an excess of approximately S\$4.6 million over the net asset value of the repurchased CSCS shares of approximately US\$16.8 million, based on the unaudited consolidation financial statements of the Group as of 31 March 2012.

## **Rationale for the Transactions**

“Aside from mutual benefits derived from our strategic tie-up with CCBC, including expansion opportunities for our businesses, the Transactions are accretive,” Mr. Yee said. “Cordlife will be able to equity account its 10% stake in CCBC as long as Cordlife has a contractual right to appoint one member to the board of directors of CCBC.”

<sup>1</sup>Based on exchange rate of US\$1 = S\$1.272

“In addition, the Transactions essentially allow Cordlife to exchange its equity stake in a private company, CSCS, for ordinary shares in CCBC, which can be publicly traded on the New York Stock Exchange, Inc., subject to registration of such CCBC shares with the US Securities and Exchange Commission or the availability of an exemption therefore, thereby potentially increasing the liquidity of Cordlife’s investment and portfolio, and further unlocking shareholder value.”

### Financial Effects

The Group is expected to record a gain of approximately S\$4.7 million from the Disposal. For illustrative purposes<sup>2</sup>, the financial effects of the Transactions on the net tangible assets (“NTA”) per share and earnings per share (“EPS”) of the Group are as follows:

	Before the Transactions	After the Transactions
NTA per share (S\$)	17.42	19.40
EPS (Singapore cents)	3.64	5.85

### Shareholders Approval

Each of the Acquisition and the Disposal constitutes a major transaction under Chapter 10 of the listing manual of the SGX-ST. Therefore the Transactions are subject to the approval of Cordlife's shareholders at an extraordinary general meeting (“EGM”). A circular containing further details on the Transactions, together with the notice of EGM, for the purpose of seeking the approval of Cordlife's shareholders for the Transactions will be despatched by Cordlife to its shareholders in due course.

<sup>2</sup>Assumptions are based on, *inter alia*, (i) the last audited consolidated financial statements of the Group for the financial year ended 30 June 2011 and (ii) the audited consolidated financial statements of CCBC and its subsidiaries (“CCBC Group”) for the financial year ended 31 March 2011 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. The NTA per share and EPS of the Group are computed based on 232,687,354 shares of the Company in issue.

For more information on the Transactions, Cordlife's shareholders may refer to the announcement made by Cordlife on 15 August 2012 and released on the SGXNET.

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

## **ABOUT CORDLIFE GROUP LIMITED (Bloomberg stock code: CLGL)**

Incorporated in May 2001, Cordlife Group Limited is an award-winning and established cord blood banking service provider. Amongst the first private cord blood banks in Asia, the Group has established a dominant market leader position in Singapore\*. 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.

The Group 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.

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.

*\*According to the Market Research Report conducted by DTFAS*

In addition, Cordlife, through its collaborative relationships or arrangements with major private hospitals & clinics such as Thomson Medical, Parkway East Hospital and Raffles Hospital, has continued to increase public awareness of its cord blood banking services in Singapore. Overseas, the Group has a marketing collaboration agreement with China Cord Blood Corporation – a top operator in China holding majority shares in Beijing, Guangdong and Zhejiang Cord Blood Banks, and an approximately 20% share in Shandong Cord Blood Bank. The Group also has an indirect 10% shareholding interest in the sole cord blood banking operator in Guangdong province: Guangzhou Tianhe Nuoya.

Cordlife was amongst the first in Asia to be accredited 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 2011 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 FM99.7\*\*.

*\*\*Awarded to Cordlife Hong Kong*

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

China Cord Blood Corporation is the first and largest cord blood banking operator in China 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 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 its website at <http://www.chinacordbloodcorp.com>.

---

ISSUED ON BEHALF OF : Cordlife Group Limited  
BY : Citigate Dewe Rogerson, i.MAGE Pte Ltd  
1 Raffles Place  
#26-02 One Raffles Place  
SINGAPORE 048616  
CONTACT : Ms Dolores Phua / Ms Chelsea Phua  
DURING OFFICE HOURS : 6534-5122 (Office)  
AFTER OFFICE HOURS : 9750-8237 / 9667-5837 (Handphone)  
EMAIL : [dolores.phua@citigatedrimage.com](mailto:dolores.phua@citigatedrimage.com) /  
[chelsea.phua@citigatedrimage.com](mailto:chelsea.phua@citigatedrimage.com)

---

092/12/002/CGL

August 15, 2012