NEWS RELEASE

CORDLIFE ACHIEVES 192.7% INCREASE IN NET PROFIT TO S$5.6 MILLION FOR 2Q 2013

- **Records fourth consecutive quarter of revenue growth**
  - **Driven by 21% year-on-year rise in number of client deliveries**
- **Gross margin maintained at strong level of 70%**
- **Share of results kicks in from recent acquisition of 10% stake in China’s largest cord blood banking operator**
- **Strong balance sheet with net cash position**
- **To potentially benefit from the Singapore government’s recent measures to boost population growth**

**Singapore, February 14, 2013** – Cordlife Group Limited (“Cordlife”, and together with its subsidiaries, the “Group”), the cord blood and tissue banking service provider, reported a 192.7% rise in net profit to S$5.6 million for the three months ended December 31, 2012 (“2Q 2013”), compared to S$1.9 million for the last corresponding period (“2Q 2012”). This was achieved on the back of a 23.9% increase in revenue to S$8.8 million, which was driven by an increase in the number of client deliveries. In addition, the Group recorded a one-time disposal gain of S$2.7 million from the disposal of its 10% interest in China Stem Cells (South) Company Limited in 2Q 2013.

Even excluding this disposal gain, the Group achieved a 54.5% growth in net profit at S$3.0 million, in line with higher sales achieved in 2Q 2013.

*The initial public offering of Cordlife’s shares was sponsored by PrimePartners Corporate Finance Pte. Ltd., who assumes no responsibility for the contents of this announcement.*
Mr Jeremy Yee, Executive Director and Chief Executive Officer of Cordlife, said: “We are pleased to have achieved our fourth consecutive quarter of revenue growth since listing in March last year. Baby boom aside, this is reflective of our successful marketing efforts aimed at educating expectant parents on the benefits of cord blood banking services. We see ourselves as offering a valued service for parents who are seeking a life-time protection for their children.

In Singapore, we have recently moved into our new facility at Yishun, A’Posh Bizhub and with this capacity expansion, we believe that this will enable us to further entrench our leadership position and at the same time, benefit from economies of scale moving forward. Regionally, in Hong Kong, the provision of umbilical cord tissue banking service has been met with good market acceptance and we are currently exploring the possibility of offering this complementary service in Singapore. In China, we are starting to see the fruits of our 10% direct stake in China Cord Blood Corporation, China’s largest cord blood banking operator. Through this partnership, we will be able to tap on the fast-rising middle class in this country that’s keen on seeking better healthcare options for their children.

We have continued to grow our subscriber base this quarter which provides us with a steady stream of cash flow of about S$6.25 million a year. This has put us in a strong position to withstand the economic slowdown well."

**Financial Review**

Revenue from rendering of services increased by 23.9% to S$8.8 million in 2Q 2013, as compared to S$7.1 million in 2Q 2012. This was largely due to an increase in the number of client deliveries, from approximately 1,900 in 2Q 2012 to 2,300 in 2Q 2013.

Correspondingly, gross profit increased 25.5%, or S$1.3 million, to S$6.2 million in 2Q 2013. The Group continued to register a high gross profit margin of 70% in this quarter.
Cost of sales increased by 20.3%, or S$0.4 million, in line with the rise in turnover.

Overall, in line with business expansion, selling and marketing expenses increased 21.3% or S$0.4 million, while administrative expenses rose marginally by 7.3% or S$0.1 million. The administrative expense increase was offset by the absence of a one-off IPO listing expense of S$0.3 million incurred in 2Q 2012. Other operating income fell S$14,000 mainly due to the sale of consumables that did not recur in 2Q 2013.

The Group’s share of results in its associate increased by 43.4% to S$0.8 million. This comprised one month of the Group’s 10% indirect shareholding in China Stem Cells (South) Company Limited and two months of contributions from the Group’s 10% direct stake in China Cord Blood Corporation, which the Group acquired in November 2012.

As a result, net profit of the Group rose from S$1.9 million in 2Q 2012 to S$5.6 million in 2Q 2013, representing a 192.7% increase.

As at December 31, 2012, the Group maintained a strong balance sheet, with a cash position of S$24.3 million (inclusive of S$17.5 million in fixed deposits and exclusive of pledged fixed deposits of S$0.3 million).

Mr Yee said: “As a show of appreciation to our valued shareholders for their support, the Board is pleased to recommend an interim dividend of 1.0 Singapore cent. While we have yet to formalise a dividend policy, the Board continues to evaluate the Group’s capital requirements and explore options to reward shareholders.”

The interim dividend will be paid on April 5, 2013.
Outlook

On January 21, 2013, the Singapore government unveiled policies to boost fertility and birth rates. The S$2 billion Marriage & Parenthood Package 2013 is an improvement from the S$1.6 billion package in 2008, and consists of a range of enhanced incentives aimed at increasing the Total Fertility Rate (TFR) in Singapore from 1.2 in 2011 to 1.4 or 1.5 over the next few years. Given the Singapore government’s efforts to encourage Singaporeans to marry and have children, analysts say they expect to see a perk-up in birth rates from 2014, which could benefit Cordlife1. From January to November last year, there were 38,914 live births, which is a 7.7% increase over the 36,135 live births in the same period in 2011.2

“As the leading3 provider of cord blood banking services in Singapore, our Group is in a niche area of the health-care sector that is poised to benefit from the enhanced Marriage & Parenthood Package,” Mr Yee said. “One of the key initiatives in the package is to step up the support for medical costs related to conception and delivery, as well as to facilitate the post-natal child-caring process, making it easier for both fathers and mothers to balance their work with their new babies.”

The incentives include: An increase of S$2,000 per birth in the Baby Bonus cash gift up to the fourth child; a Medisave account of S$3,000 for every Singaporean baby; an extension of six years for the Child Development Account (until the child turns 12); an increase in the co-funding of the Assisted Reproduction Technology treatments from the current 50 per cent to 75 per cent; enhanced maternity protection for pregnant employees; and the introduction of one-week paternity leave.

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1 Source: White Paper ‘to benefit property, transport,’ Straits Times, Jan 21
2 Source: The Immigration and Checkpoints Authority, 24 December 2012
3 According to industry data found in Cordlife’s prospectus dated March 21, 2012
“Already, many of our clients tap into their Child Development Accounts (CDA) to pay for our services. The extension of CDA, as well as the increases in the Baby Bonus scheme, will allow more parents to afford to store their children’s precious cord blood stem cells as an additional medical treatment alternative.”

In Hong Kong, where the population faces similar issues of low fertility and birth rates, some are calling for the Hong Kong government to look into its population policy and consider reversing a populist policy that banned mainland babies from being delivered in Hong Kong⁴. Although not adversely affected by the ban, which does not apply to mainland Chinese women married to Hong Kong residents, Cordlife Hong Kong can stand to benefit from a reversal of this policy as there will be a larger pool of potential customers.

In China, its one-child policy, imposed in the late 1970s, is beginning to impact China’s growth with the first fall in its labour pool in decades. It is estimated that the number of people aged between 15 and 64 will drop by around 40 million between 2014 and 2030, according to the Chinese Academy of Social Sciences, a government think-tank⁵.

Mr Yee said: “While it remains to be seen whether the Chinese government will rethink its one-child policy, China is still a huge market that is growing in affluence. With that, more Chinese parents are now exploring better health care options for their children, including securing the storage of their children’s cord blood stem cells as an additional medical treatment alternative. Being the first foreign entrant into the China cord blood banking market via our strategic stake in the country’s top cord blood banking operator, China Cord Blood Corporation, we are in good stead to ride on this industry growth.”

Barring any unforeseen circumstances, the Group expects to remain profitable for FY2013.

⁴ Source: “HK ponders weak population growth - with an eye on S'pore,” Straits Times, Jan 31
⁵ Source: “One-child policy threatens to impact China’s growth,” Business Times, Jan 31
ABOUT CORDLIFE GROUP LIMITED (Bloomberg stock code: CLGL)

Incorporated in May 2001, Cordlife Group Limited is an award-winning and established cord blood and tissue 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.

In addition, Cordlife, through its collaborative relationships or arrangements with major private hospitals and 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 10% direct stake in China Cord Blood Corporation – a top operator in China holding majority shares in the Beijing, Guangdong and Zhejiang Cord Blood Banks, and an approximately 20% share in Shandong Cord Blood Bank.

*According to the industry data in the Company’s prospectus dated March 21, 2012
Cordlife was amongst the first cord blood banks 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 2012 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**. 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.

**Awarded to Cordlife Hong Kong

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