PRESS RELEASE

Cordlife posts 17.3% growth in revenue to S$27.5 million for 1HFY2015 due to increased client deliveries

- **Continue to execute on through-the-line integrated marketing strategy in India to grow market share via network effects**
- **Growing royalty income from licensing of cord lining technology to China Cord Blood Corporation and StemLife Berhad**
- **Board of Directors declares an interim dividend of 1.0 cent per share**
- **Positioned for growth as a consumer healthcare company serving the needs of the mother and child**

Singapore, 13 February 2015 – Cordlife Group Limited ("Cordlife", and together with its subsidiaries, the “Group”), a mother and child consumer healthcare company, reported a profit before income tax from operations for the first six months ended 31 December 2014 ("1HFY2015") of S$2.8 million. Revenue increased 17.3% year-on-year ("yoy") from S$23.5 million in 1HFY2014 to S$27.5 million in 1HFY2015 due to a rise in client deliveries resulting from increased marketing and client acquisition efforts.

Excluding the Group’s share of loss of associate of S$0.3 million, fair value changes in financial asset designated at fair value through profit or loss of S$6.8 million, fair value changes on derivative of S$4.7 million, non-operating exchange gain of S$2.2 million and non-operating finance income and expense of S$1.5 million and S$1.1 million respectively in 1HFY2015, the Group’s profit before income tax from operations was S$2.8 million, representing a 27.9% decrease from S$3.8 million for 1HFY2014. This is mainly attributable to a 46.5% increase in selling and marketing expenses in 1HFY2015 as the Group’s Indian subsidiary increased marketing spend by S$2.5 million to increase existing market share via network effects. Including the finance income and finance costs associated with the China Cord Blood Corporation ("CCBC") convertible note, the net realized operating and investment income for 1HFY2015 would have been S$3.1 million, compared with S$3.8 million for 1HFY2014.

The Group has proposed an interim, 1-tier tax exempt dividend of 1.0 cent, payable on 2 April 2015.
Fair value changes on investment in CCBC and Convertible Bond

The Group reported a net loss of S$6.9 million for 1HFY2015, compared with a net profit of S$12.9 million for 1HFY2014. This was mainly due to a S$6.8 million fair value loss on its investment in CCBC, which was computed based on the changes in CCBC’s last traded price as at 30 June 2014 of US$5.52 (S$6.90) and 31 December 2014 of US$4.52 (S$5.98) for 1HFY2015. In 1HFY2014, there was a fair value gain of S$5.4 million computed based on changes in CCBC’s last traded share price as at the transfer date of 27 September 2013 of US$3.46 (S$4.34) and the reporting date at 31 December 2013 of US$4.01 (S$5.09). The above are unrealised fair value losses and gain.

On 10 November 2014, Cordlife and Magnum Opus International Holding Limited (“Magnum”) completed the acquisition of a 7% senior convertible note (the “Convertible Bond”) due 3 October 2017 issued by CCBC to Golden Meditech Holdings Limited in the principal amount of US$50 million (respectively, the “CGL Acquisition” and the “Magnum Acquisition”). The Group and Magnum also entered into a facility agreement pursuant to which the Group will lend Magnum funds in an aggregate amount of up to US$46,500,000 (the “Magnum Loan”). The Group also issued 4.9% S$120 million fixed rate notes (the “Notes”) on 29 October 2014.

As the Convertible Bond provides the Group the option to convert to shares in CCBC, the Group is required to separately compute the fair value changes on the conversion option component and recognise these changes in profit or loss. The Group recognised an unrealised S$4.7 million fair value loss on the option. The valuation of the option is based on the time to maturity of the bond, the share price of CCBC and the value of the bond as a function of the cash inflow from the bond. The Group also recognised a net interest income from the Magnum Loan, the Convertible Bond and the Notes of S$0.3 million.

Mr Jeremy Yee, Executive Director and Chief Executive Officer of Cordlife said: “We continue to register strong top-line growth along with consistently high gross profit margins in 1HFY2015. We are cognizant of the growth opportunities in India and as such we are actively expanding our presence in the country with a through-the-line integrated marketing plan. We are confident that our efforts will create a network effect that will grow our customer pool via positive word-of-mouth and new client referrals. We also expect to
leverage on our large installed base for cord blood banking to cross-sell more products such as cord lining banking and newborn screening services. Our long term strategy remains focused on tapping on the rapidly developing markets in India, Indonesia and the Philippines which are driven by the growing affluence of the middle income population and their interest in more diverse healthcare options to improve the quality of life for their families.

The Singapore market also presents us with fresh opportunities as the government continues its push to increase the birth rate in Singapore. This year, the National Population and Talent Division introduced the SG50 Baby Jubilee Gift in celebration of Singapore’s 50th anniversary. We are cautiously optimistic that this will create a positive boost to birth rates. We have also increased headcount this quarter in anticipation of further growth in business volume in countries that we have presence in.

The growing royalty income contribution from our licensing of cord lining technology to CCBC and StemLife Berhad (“StemLife”) is also testament to our efforts to create new recurring revenue streams to capitalize on the growing middle income population’s demand for healthcare products and services such as umbilical cord lining banking services in China and Malaysia respectively.”

**Financial Review**

Revenue increased by 17.3% or S$4.0 million from S$23.5 million in 1HFY2014 to S$27.5 million in 1HFY2015. The revenue growth was due to an increase in the number of client deliveries from approximately 7,400 in 1HFY2014 to 10,700 in 1HFY2015. The increase in client deliveries was due to increased awareness from more marketing and client acquisition efforts. In particular, there was an increase in marketing spend in the Group’s Indian subsidiary to increase brand awareness amongst its prospective clients and establish its presence in more cities.

Gross profit increased by 14.0% or S$2.3 million due to the increase in new client deliveries. On the other hand, gross profit margin decreased marginally from 69.0% in 1HFY2014 to 67.1% in 1HFY2015 due to an increase in revenue contribution from lower margin operations.
Other operating income increased by approximately S$188,000 mainly from a gain on disposal of investment property of S$54,000, increase in rental income generated from the Company’s investment properties by approximately S$71,000 and royalties from licensing of cord lining technology to StemLife and CCBC of approximately S$83,000.

Selling and marketing expenses and administrative expenses increased by 46.5% or S$2.9 million in 1HFY2015 mainly due to a S$2.5 million increase from the Group’s Indian subsidiary. Television commercials were aired in the Indian market for the first time as part of a through-the-line integrated marketing plan, which alone accounted for approximately S$1.2 million during the period. There was also an increase in newspaper advertising, digital marketing and client activation activities in a bid to increase existing market share in India. Apart for the aim of increasing market share, it is the intent of the Group to use advertising as a tool to establish brand leadership. Administrative expenses also increased 11.5% or S$0.7 million in 1HFY2015 mainly due to an increase in headcount in Singapore and India to cater to increasing business volume.

As at 31 December 2014, the Group maintained a strong balance sheet, with cash and cash equivalents, fixed deposits and short term investments of S$34.4 million.

**A Focused Growth-Path through the use of Network Effects**

The Group is riding on the growth of emerging Asian nations by expanding its geographical footprint for cord blood and umbilical cord lining banking business as well as other newly-introduced products catering to the mother and child segment. Initiatives under this strategy include the following:

- On 10 November 2014, the Group announced that it had completed the acquisition of a convertible note issued by CCBC for approximately US$44 million, which will result in its interest in CCBC rising to approximately 17.79% of the enlarged share capital of CCBC, assuming full conversion of the note. This transaction was approved by shareholders in an EGM held on 5 November 2014, with a majority vote of 80.43% for the transaction. In China, the penetration rate of private cord blood banking is still low at 2.1% in 2013, indicating much room to grow for the sector, which is expected to do so at a forecast CAGR of 21% between 2013 and 2018, according to a report dated October 2014 (the “Deloitte Report”) by Deloitte
& Touche Financial Advisory Services Limited (“Deloitte”). China’s growing middle class population, indicative of a progressively larger customer pool for cord blood banking operations, is expected to result in the penetration rate of private cord blood banking increasing to 5.2% in 2018.

- On 3 March 2014, the Group announced that it had extended its strategic alliance and co-operation with CordLabs Asia Pte. Ltd. and CCBC in relation to the provision of human postnatal umbilical cord lining storage services to certain territories in the People's Republic of China.
- On 9 December 2013, the Group announced that it had acquired a further 11.89% interest (“Additional Acquisition”) in StemLife, an associated company of Cordlife listed on the ACE Market of the Bursa Malaysia, for a cash payment of approximately RM17.66 million. Following the Additional Acquisition, Cordlife holds approximately 31.81% of the issued and paid-up share capital in StemLife. Prior to this, the Group announced on 4 October 2013 that it had completed the acquisition of an initial 19.92% interest in StemLife. StemLife currently has approximately 40% of the largest cord blood banking company in Thailand, Thai StemLife. The acquisition of 31.81% stake in StemLife is expected to generate long term revenue and cost synergies between Cordlife and StemLife.

The Group is also looking to provide other adjacent products and services that cater to the mother and child segment, in addition to cord blood and umbilical cord lining banking services. Initiatives under this strategy include the following:

- On 30 April 2014, the Group announced that Cordlife had entered into a licensing agreement with StemLife, to jointly explore and develop umbilical cord lining related new services based on cellular technology in Malaysia.
- In April 2014, Metascreen™ was launched in both the Philippines and Hong Kong.
- The Group is expected to launch all adjacent products and services into all the markets this year, and in some cases, leveraging on the power of product and service bundling.

Mr Yee continued: “Moving forward, we remain committed to developing our market leadership in cord blood and umbilical cord lining banking in Asia while continuing with our plans to introduce new consumer healthcare products catering to the mother and child.
Barring any unforeseen circumstances and excluding fair value changes on financial asset designated at fair value through profit or loss, fair value changes on derivative, non-operating exchange differences, share of results of associate and any other one-off items, the Group expects its core business to remain profitable for FY2015.”

- 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 the largest market share of private cord blood banks in Singapore, Indonesia and the Philippines. In Hong Kong and India, it is amongst the top three market leaders for private cord blood banks.

Cordlife, through its collaborative relationships and 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 service in Singapore. Overseas, the Group has a 10.02% direct stake in China Cord Blood Corporation (“CCBC”) – a top cord blood bank operator in China holding majority shares in the Beijing, Guangdong and Zhejiang Cord Blood Banks, and an approximately 24.00% share in Shandong Cord Blood Bank. In November 2014, Cordlife acquired CCBC convertible note for approximately US$44 million, which will result in its interest in CCBC rising to approximately 17.79% of the enlarged share capital of CCBC, assuming full conversion of the note. 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”). StemLife 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. In addition, in April 2013, Cordlife became the first private cord blood bank in Asia to have launched SEPAX®, a Swiss-made FDA-approved, GMP compliant automated stem cell processing system that maximises automation while ensuring consistently high cell recoveries.

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; 2014 Most Popular Stem Cell Bank Reader’s Choice by Child Magazine; 2013-2014 MyBB Parent-Child Favorite Cord Blood and Umbilical Cord Bank Company and Baby Kingdom Top 10 Family Brand Award 2012. 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

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1 Source : Deloitte & Touche Financial Advisory Services Limited report, October 2014

2 Awarded to Cordlife (Hong Kong) Limited
Company 2013* in the Retail & Household Goods Category and Mainboard Small Caps Category at the 14th SIAS Investors’ Choice Awards.

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