

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

ANNOUNCEMENT IN RELATION TO STEMLIFE BERHAD

The Board of Directors of the Company (the "**Board**") wishes to inform shareholders that StemLife Berhad ("**StemLife**"), an associated company of the Company listed on the ACE Market of the Bursa Malaysia Securities Berhad ("**Bursa Malaysia**"), has released an announcement to Bursa Malaysia on 30 April 2015 disclosing that the independent external auditors of StemLife, Ernst & Young Malaysia ("**E&Y**"), have included a qualified opinion in their Independent Auditor's report in relation to the financial statements of StemLife for the financial year ended 31 December 2014 (the "**Qualification**") (the "**StemLife Announcement**").

A copy of the StemLife Announcement is annexed to this announcement.

The Company has a shareholding interest in 78,742,880 ordinary shares in StemLife ("**StemLife Shares**"), representing approximately 31.81% of the issued and paid-up share capital of StemLife, based on 247,500,000 issued StemLife Shares.

The Board does not expect that the Qualification will have a material impact on the financial position of the Company and its subsidiaries for the current financial year ending 30 June 2015. The Board understands that StemLife is currently working to resolve the issues going forward and will update shareholders as and when there are any further material developments.

By Order of the Board
CORDLIFE GROUP LIMITED

Mr. Yee Pinh Jeremy
Director
30 April 2015

ANNEX
StemLife Announcement

**STEMLIFE BERHAD (“StemLife” or “Company”)
QUALIFICATION IN THE EXTERNAL AUDITORS’ REPORT ON THE AUDITED FINANCIAL
STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2014**

Pursuant to Paragraph 9.19 (38) of the ACE Market Listing Requirements of Bursa Malaysia Securities Berhad, the Board of Directors of StemLife wishes to announce that the external auditors’ report on the audited financial statements of the Company for the financial year ended 31 December 2014 contains a qualified opinion by the external auditors, Ernst & Young. Details of the qualifications are as follow:

“Basis for qualified opinion

(i) As disclosed in Note 2.5 (b) (iii) to the financial statements, the Group and the Company provide certain benefits under its StemShieldPlus program to its customers as part of the service rendered in relation to the preservation of umbilical cord blood stem cells. The benefits include an undertaking to compensate its customer up to a specified amount for the expenses incurred in the event of a stem cell transplant undertaken for certain diseases. Such benefits meet the definition of an insurance contract pursuant to Malaysian Financial Reporting Standards 4 – Insurance Contracts (“MFRS 4”). However, we noted that the Group and the Company have not complied with the following requirements of MFRS 4:

(a) MFRS requires the Group and the Company to assess at each reporting period whether its recognized insurance liabilities are adequate, using current estimates of future cash flows under its insurance contracts. In the event that the carrying amount of its insurance liabilities is inadequate in the light of the estimated future cash flows, the entire deficiency shall be recognized in the statements of comprehensive income.

As disclosed in Note 15 and further explained in Note 2.5 (b)(iii) to the financial statements, the Group and the Company have made a provision for insurance liability of RM500,000 as at 31 December 2014 (2013: Nil). However, the basis used in determining the provision amount is not in accordance with the generally accepted method of determining the liabilities in relation to a general insurance contracts, which among others, takes into consideration the age and maturity profile of the insurance contract holders, incidence rates of the diseases by age profile and an appropriate valuation discount rate when estimating the future cash flow under its insurance contracts. Consequently, we were not able to obtain sufficient audit evidence to satisfy ourselves as to the carrying amount of the provision recognized in both the current year and prior year.

(b) As disclosed in Note 16 (b) to the financial statements, the revenue (insurance premium) associated with the insurance contracts of the Group and the Company for the year ended 31 December 2014 was RM51,600 (2013: RM48,910). However, the amounts recognized were not determined based on the relative fair value of the storage fees and the insurance premium as required by Malaysian Financial Reporting Standards 118 : Revenue. Accordingly, we are of the opinion that the above amounts recognized are not appropriate.

The Group and the Company have also not adequately disclosed in the financial statements all other information that identifies and explains the recognized amounts and the nature and extent of risk from insurance contracts as required under MFRS 4.

- (ii) As disclosed in Note 7 to the financial statements, the Group's investment in Thai StemLife Co. Ltd., an associate accounted for using the equity method, is carried at RM1,486,588 (2013: RM1,605,765) in the statements of financial position as at 31 December 2014 and 2013, respectively and the Group's share of associate's net loss of RM212,962 (2013: RM103,742) is included in the Group's income statements for the years then ended. We were unable to obtain sufficient appropriate audit evidence about the carrying amount of the Group's investment in the associate as at 31 December 2014 and 2013 and the Group's share of the associate's net loss for the years then ended as we were unable to have sufficient access to the financial information and management of the associate. Consequently, we were unable to determine whether any adjustments to these amounts and its comparatives were necessary.

Qualified Opinion

In our opinion, except for the effects of the matters described in the "Basis of qualified opinion" paragraph, if any, the financial statements give a true and fair view of the financial position of the Group and of the Company as at 31 December 2014 and of their financial performance and cash flows for the year then ended in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act, 1965 in Malaysia."

The Company is taking steps to address the above said audit qualifications.

This announcement is dated 30 April 2015.