PRESS RELEASE

Cordlife’s FY2015 revenue grows 16.8% to S$57.4 million

- **Client deliveries increased by 32.8% to 21,085 for FY2015, which is a testament to our efforts to extend our services to more families in Asia**
- **Broadening reach in India with through-the-line integrated marketing strategy to expand market share via network effects**
- **Recommend final dividend of 1.0 cent in addition to interim dividend of 1.0 cent; total dividend of 2.0 cents**
- **Focused growth path as a consumer healthcare company catering to the mother and child segment**

Singapore, 27 August 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 full year ended 30 June 2015 (“FY2015”) of S$6.1 million. Revenue increased by 17.3% or S$8.5 million from S$49.1 million in FY2014 to S$57.6 million in FY2015 due to an increase in the number of client deliveries from approximately 15,880 in FY2014 to approximately 21,085 in FY2015.

Excluding the Group’s share of loss of associate of S$0.4 million, fair value gain on investment properties of S$0.3 million, fair value gain on financial asset designated at fair value through profit or loss of S$10.4 million, fair value gain on derivative of S$12.9 million, non-operating exchange gain of S$4.7 million, impairment loss on investment in associate of S$2.6 million and non-operating finance income and expense of S$6.6 million and S$4.6 million respectively in FY2015, the Group’s profit before income tax from operations was S$6.1 million, representing a 32.7% decrease from S$9.1 million for FY2014. This is mainly attributable to a 45.3% increase in selling and marketing expenses in FY2015 as the Group’s Indian subsidiary increased marketing spend by S$4.3 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 FY2015 would have been S$8.9 million, compared with S$9.1 million for FY2014.
Based on the strong performance, the Group has proposed a final, 1-tier tax exempt dividend of 1.0 cents, payable on November 6, 2015. This is in addition to the interim dividend of 1.0 cents that was distributed on April 2, 2015.

**Operations Review**

Mr Jeremy Yee, Executive Director and Chief Executive Officer of Cordlife said: “At present, Cordlife has the largest market share of private cord blood banks in Singapore, Indonesia and the Philippines and is among the top three players in India and Hong Kong. The strong top line growth that we achieved in FY2015 indicates that we are making good progress in expanding market leadership across Asia, in particular, India, which offers tremendous growth opportunities. In the past year, we have been growing our market presence in India with the implementation of a through-the-line integrated marketing plan, creating a network effect to expand our customer pool through positive word-of-mouth and new client referrals. With an enlarged installed client base resulting from our marketing strategy, we can further leverage on our pool of clients to cross-sell complementary products and services that will improve the quality of life for families in India.

Apart from India, other Asian countries like Indonesia, the Philippines and Singapore, continue to be key markets for Cordlife’s strategic growth. Our long term strategy remains focused on tapping on the rapidly developing markets in India, Indonesia and the Philippines, driven by the growing affluence of the middle income population and their interest in more diverse healthcare options. At the Prime Minister’s National Day Rally Speech\(^1\) on 23 August 2015, pro-family measures were announced such as the increase in the amount of the Baby Bonus and the extension of this scheme to every child, instead of the first four children. The Medisave Grant for newborns will be increased; and paternity leave will be extended from one week to two weeks on a voluntary basis initially. We are cautiously optimistic that these measures will be positive for Singapore childbirth rates in the future.

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\(^1\) “NDR 2015: Enhanced Baby Bonus, more paternity leave among measures to give families a boost”
Looking ahead, we will also continue to offer complementary products and services that cater to the mother and child segment and extract growth from new licensing revenue streams.”

**Financial Review**

Revenue increased by 17.3% or S$8.5 million from S$49.1 million in FY2014 to S$57.6 million in FY2015. The increase in revenue was due mainly to an increase in the number of client deliveries, from approximately 15,880 in FY2014 to approximately 21,085 in FY2015. The increase in client deliveries was due to increased awareness as a result of increased marketing and client acquisition efforts. In particular, there was an increase in marketing expenditure in the Group’s Indian subsidiary to increase brand awareness amongst prospective clients and establish its presence in more cities.

Gross profit increased by 14.8% or S$5.2 million due to the increase in new client deliveries. Gross profit margin decreased from 71.0% in FY2014 to 69.5% in FY2015, due mainly to an increase in revenue contribution from operations with lower margins.

Other operating income decreased by 39.3% or approximately S$500,000 in FY2015 compared to FY2014. Grant income from SPRING Singapore decreased from S$253,000 in FY2014 to S$37,000 in FY2015 which the Company has claimed for certain activities. In FY2014, the Group recognised an upfront fee of S$680,000 for providing training and know-how services to StemLife under the licensing agreement signed in April 2014. In addition, the Company received S$58,000 under the Wage Credit Scheme and Productivity Innovation Credit Scheme from the Inland Revenue Authority of Singapore. There were no such upfront fees and grant income in FY2015.

Rental income derived from its investment properties increased by S$70,000 in FY2015. There is a gain on disposal of investment property of S$54,000 and royalties from licensing of cord lining technology to StemLife and CCBC of approximately S$218,000.

Selling and marketing expenses and administrative expenses increased by approximately 45.3% and 15.3% in FY2015 compared to FY2014. This S$5.5 million
increase in selling and marketing expenses was mainly attributable to the Group’s Indian subsidiary where selling and marketing expenses increased by S$4.3 million. Television commercial were aired in India for the first time as part of a through-the-line integrated marketing plan, which alone accounted for approximately S$1.9 million during the year. There was also an increase in newspaper advertising, digital marketing and client activation activities. The increase was also attributable to the increase in staff related costs of S$1.6 million. The Group’s entities in Singapore, India and Philippines have increased their headcounts to cater to the increasing business volume. Administrative expenses increased to S$2.3 million in FY2015 due mainly to increase in staff cost from annual salary increments and an increase in the number of full time employees.

As at 30 June 2015, the Group maintained a strong balance sheet, with cash and cash equivalents, fixed deposits and short-term investments of S$29.2 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.
- 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 Berhad currently has approximately 40% of the largest cord blood banking company in Thailand, Thai StemLife. The acquisition of 31.81% stake in StemLife Berhad is expected to generate long term revenue and cost synergies between Cordlife and StemLife Berhad.

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.

**Proposed Disposal of Shares in China Cord Blood Corporation And 7% Senior Unsecured Convertible Note Due 2017**

Cordlife announced on 8 May 2015 that the Group has entered into a conditional purchase agreement with Golden Meditech Holdings Limited, pursuant to which Cordlife has agreed to sell and Golden Meditech has agreed to purchase from Cordlife 7,314,015 ordinary shares in CCBC and a 7% senior unsecured convertible note due 3 October 2017 issued by CCBC to Cordlife in the principal amount of US$25 million (the “Proposed Disposal”). The Proposed Disposal allows Cordlife to realise value in its investment in CCBC at a net gain of approximately S$46,184,000². The proceeds from Proposed Disposal may be used

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² This figure does not include the Additional Consideration which is dependent on the Final Proposal Price as explained in the Company’s announcement on 8 May 2015. For more information, please refer to the
for the Group's future business expansion, or be used to deleverage the financial position of the Group and/or for distribution to shareholders of the Group. The completion of the Proposed Disposal is conditional upon the fulfilment of the salient terms of the purchase agreement as per the SGX announcement dated 8 May 2015. On 26 August 2015, the Group announced that it will convene an Extraordinary General Meeting on 14 September 2015 to seek Shareholders’ approval.

Mr Yee added: “Going 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, impairment loss on investment in associate and any other one-off items, the Group expects its core business to remain profitable for FY2016.”

- 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\(^3\). 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 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\(^2\), 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\(^4\). 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

\(^3\) Source: Deloitte & Touche Financial Advisory Services Limited report, October 2014

\(^4\) 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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