

NEWS RELEASE

CORDLIFE'S 9M2013 NET PROFIT MORE THAN DOUBLES TO S\$9.7 MILLION

- ***Revenue increases 11.6% year-on-year, driven by rise in number of client deliveries***
- ***Gross margin maintains at high, consistent level of 69%***
- ***Increased share of results from 10% stake in China's largest cord blood banking operator***
- ***Deepening penetration rates of cord blood banking services in key markets***
- ***Strong balance sheet with cash and cash equivalents of S\$24.7 million¹***

Singapore, 13 May 2013 – Cordlife Group Limited (“Cordlife”, and together with its subsidiaries, the “Group”), a leading cord blood and tissue banking service provider, reported that its net profit for the nine months ended 31 March 2013 (“9M2013”) more than doubled to S\$9.7 million from S\$4.6 million in the corresponding period for the previous year (“9M2012”). The Group achieved its bottomline increase on the back of year-on-year revenue growth of 11.6%, which was driven by a rise in the number of client deliveries.

During the period under review, the Group also registered a S\$2.7 million gain from the disposal of its 10% interest in China Stem Cells (South) Company Limited (“CSCS”). Even excluding the gain from disposal, the Group achieved a 51.8% growth in net profit at S\$7.0 million, in line with higher sales achieved in 9M2013.

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.

¹ *Inclusive of fixed deposits*

Mr Jeremy Yee, Executive Director and Chief Executive Officer of Cordlife said: “We continue to maintain a high, consistent level of gross profit margin of about 69%, given our leadership position as Singapore’s largest private cord blood bank. With the launch of our umbilical cord tissue banking services here on 12 May 2013, we are again breaking new grounds as we ride on a growth trend of more expectant parents choosing to store their children’s cord blood and tissue. This is largely due to an increased awareness of the benefits of private cord blood and tissue banking as a result of the educational outreach efforts of our team at Cordlife and our partners in the medical field.”

For the quarter ended 31 March 2013 (“3Q2013”), notwithstanding a slight dip in the Group’s revenue to S\$6.7 million, compared to S\$6.9 million over the same period last year (“3Q2012”), the Group’s earnings in 3Q2013 recorded a year-on-year increase of 47.6% to S\$1.2 million.

The ban on women from mainland China giving birth at private hospitals in Hong Kong, which came into effect beginning of this year, had some impact on the Group’s 3Q2013 revenue.

Mr Yee added: “Our strategic move to acquire 10% of China Cord Blood Corporation mitigated the ban’s financial impact on the Group. In fact, we are starting to see increased contributions from our stake in China’s largest cord blood banking operator, which had been aggressively expanding its market share in the past few years. As the first foreign private cord blood bank to gain a foothold in China’s market through such an alliance, we are well-positioned to capitalise on a sunrise industry in the world’s most populous nation, where a growing, affluent middle-class is becoming more educated about healthcare options.”

Financial Review

Revenue from rendering of services increased by 11.6%, or S\$2.5 million, from S\$21.3 million in 9M2012 to S\$23.8 million in 9M2013. The increase in revenue was due mainly to an increase in the number of client deliveries, from about 5,300 in 9M2012 to 6,200 in 9M2013.

In tandem with the revenue increase, gross profit increased by 12.4% or S\$1.8 million. Gross profit margin remained stable at approximately 69%. Cost of sales increased by 9.8%, or S\$0.1 million, in line with the increase in revenue from rendering of services.

The Group's share of results in its associate increased by 10.5% to S\$1.6 million. This was derived from a four-month contribution of the Group's 10% indirect shareholding in CSCS and a five-month contribution of the Group's 10% direct stake in China Cord Blood Corporation, which the Group acquired in November 2012. As a result of the Group's disposal of CSCS, also in November 2012, the Group realised a gain of approximately S\$2.7 million.

In line with overall business development, selling and marketing expenses increased by 12.3% to S\$5.5 million. Administrative expenses decreased by 8.1% to S\$6.3 million, as the Group had incurred one-time IPO expenses of S\$1.9 million in 9M2012. Excluding the IPO expenses, administrative expenses increased by 26.9%, due mainly to one-time moving cost arising from the Group's move to its new and larger premises in Yishun as well as an increase in headcount, staff and compliance costs. In addition, travel expenses were incurred in 9M2013 as the Group's key personnel from Singapore were sent to Hong Kong to gain a better perspective of the cord tissue service and market for its subsequent launch in Singapore on 12 May 2013.

Finance income increased by 63.0%, or S\$0.7 million, due to an increase in interest income from non-current trade receivables; and interest income from fixed deposits and accrued from a convertible bond the Group invested in its financial year ended 30 June 2012.

As a result, net profit after tax jumped 109.6%, from S\$4.6 million in 9M2012, to S\$9.7 million in 9M2013.

As of 31 March 2013, the Group has a strong balance sheet with cash and cash equivalents of S\$24.7 million, ensuring further headroom for expansion of its businesses.

Outlook

According to latest government statistics, the total number of births in Singapore was 42,600 in 2012, representing a 7.4% increase from the 39,654 births in 2011². Total fertility rate improved from 1.2 to 1.29 over the same period². Given the Singapore government's push to encourage Singaporeans to marry and have children, analysts expect a perk-up in birth rates from 2014, which could benefit Cordlife³. Key initiatives in the S\$2 billion Marriage & Parenthood Package rolled out in January 2013 include enhanced support for medical costs related to childbirth, such as an increase in the Baby Bonus cash scheme and extension of the Child Development Account (CDA), which many of Cordlife's clients tap into to pay for its services. In addition, other measures introduced by the Singapore government to promote marriage and parenthood, such as the Parenthood Priority Scheme, sets aside 30% to 50% of new flats for first-timer couples who have young children or are expecting one.

² Source: [Department of Statistics, Singapore](#)

³ Source: *White Paper 'to benefit property, transport,' Straits Times, 21 Jan 2013*

“In anticipation of growth in the market as a result of the government’s pro-family policies, we have established Asia’s largest private cord blood storage facility that has the capacity to house up to 650,000 cord blood units,” Mr Yee said. “The official inauguration of our new Yishun facility in April marks yet another milestone in our corporate history. With ownership of a larger, state-of-the-art facility, we are able to build on economies of scale and leverage on operational efficiency to grow, while containing costs at the same time.

“Furthermore, we expect our new service offering in Singapore – the storage of umbilical cord tissue – will generate additional income in the coming months.”

In a report dated 10 April 2013 by Deloitte & Touche Financial Advisory Services Limited (“Deloitte”), Singapore and Hong Kong are shown to have high penetration rates of private cord blood banking at approximately 19% in 2011. In Singapore, the projected penetration level is expected to reach 26% by 2015, mainly driven by effective marketing activities by established companies, and increasing public awareness and acceptance level. The private cord blood banking segment’s incremental cord blood storage growth is projected at a CAGR of 9% from 2011 to 2015. The report also shows that Cordlife grew its market share from 50% to 62% in the private sector and achieved a CAGR of 12% on annual incremental storage units from 2007 to 2011.

While it remains unclear whether the moratorium on women from mainland China giving birth at private hospitals in Hong Kong will be lifted after 2013, Deloitte researchers project the penetration rate for Hong Kong mothers to reach 25% by 2015, which still represents a sizable pool of potential customers for the private cord blood banking services. Moreover, according to Economist Intelligence Unit’s forecast mentioned in the Deloitte report, the birth rate in Hong Kong is expected to increase slightly, from 0.74% in 2011 to 0.76% in 2015. Concerned about the aging population, the Hong Kong government has encouraged residents to have more children through policies such as protracting the compulsory free education from nine years to 12 years.

In China, the penetration rate of private cord blood banking is still low at 2.2%, indicating much room to grow for the sector, which is expected to do so at a forecast CAGR of 23% by 2015, according to the Deloitte report. China's middle-class population is estimated to grow from 290 million in 2011 to a projected 590 million by 2025, which means a progressively larger customer pool for cord blood bank operations. In addition, the stem cell industry is listed as a key development area of China's 12th Five-Year-Plan, indicating another positive driver of the cord blood banking industry.

Going forward, the Group remains confident of its performance, as it continues to leverage on its market position and brand equity and ride on positive industry momentum. Barring any unforeseen circumstances, the Group expects to remain profitable for the financial year ending 30 June 2013.

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 Singapore⁴. 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. In May 2013, the Group launched this additional service in Singapore.

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

⁴ According to the industry data in the Company's prospectus dated March 21, 2012

Beijing, Guangdong and Zhejiang Cord Blood Banks, and an approximately 20% share in Shandong Cord Blood Bank.

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 FM99.7⁵. 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.

⁵ Awarded to Cordlife Hong Kong

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