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

ACQUISITION OF HEALTHBABY BIOTECH (HONG KONG) CO., LIMITED

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1. INTRODUCTION

The Board of Directors (the "**Directors**") of Cordlife Group Limited (the "**Company**" and together with its subsidiaries, the "**Group**") wishes to announce that the Company has on 2 January 2018 entered into a sale and purchase agreement (the "**Agreement**") with Stemgen Biotech Holding Limited as vendor (the "**Vendor**") and Mr. Chang Hsiu-Kang as guarantor ("**Mr. Chang**" or the "**Guarantor**") pursuant to which the Company has agreed to purchase from the Vendor 16,000,000 ordinary shares (the "**Sale Shares**") in HealthBaby Biotech (Hong Kong) Co., Limited ("**HealthBaby**"), representing the entire issued share capital of HealthBaby (the "**Acquisition**"). Completion of the Acquisition ("**Completion**") took place upon signing of the Agreement.

The Vendor, a company incorporated in the British Virgin Islands, is indirectly controlled by Mr. Chang. The Vendor's principal activity is investment holding.

The Acquisition is not an interested person transaction under Chapter 9 of the listing manual (the "**Listing Manual**") of the Singapore Exchange Securities Trading Limited.

2. INFORMATION REGARDING HEALTHBABY

HealthBaby is a company incorporated in Hong Kong and its principal activity is the operation of a cord blood bank. HealthBaby is a leading private cord blood bank in Hong Kong where it has been operating since 2006. It expanded its business to Macau in 2007 in the form of a sales office. The Hong Kong laboratory has been accredited by The Hong Kong Laboratory Accreditation Scheme (HOKLAS) since 2007, by AABB (formerly known as the American Association of Blood Banks) since 2009 and The College of American Pathologists (CAP) since 2012.

HealthBaby holds 99% of the issued share capital of HealthBaby Biotech (Macau) Co., Limited ("**HealthBaby (Macau)**"), a company incorporated in Macau, and BIO HK Limited holds the remaining 1% of the issued share capital of HealthBaby (Macau). BIO HK Limited is a company incorporated in the Cayman Islands and is wholly-owned by the Vendor. HealthBaby (Macau) was established in 2007 and is a sales office for HealthBaby's cord blood banking services in Macau.

As Completion took place upon signing of the Agreement (the "**Completion Date**"), HealthBaby and HealthBaby (Macau) are now wholly-owned subsidiaries of the Company.

3. RATIONALE FOR THE ACQUISITION

The Acquisition allows the Group to achieve market leader status in Hong Kong and increase the profitability of the Group's overall Hong Kong operations, by consolidating into the Group a profitable entity. In addition, the Group will benefit from potential synergies between its existing operations in Hong Kong and HealthBaby, which has been the market leader in Hong Kong since 2008 in terms of all of the following matrices:

(a) revenue;

(b) total cord blood units stored; and

(c) earnings.

The Acquisition will also consolidate the Group's status as the leading private cord blood bank in Asia by adding approximately 20,000 cord blood units into the database of the Group and approximately S$8.0 million in revenues and S$1.0 million in net earnings based on the audited financial statements of HealthBaby for the financial year ended 31 December 2016.

4. SALIENT TERMS OF THE ACQUISITION

4.1 Consideration and Payment

The total consideration for the Acquisition comprises cash consideration for the Sale Shares of the sum of US$9,500,000 (approximately S$12,730,000) (the "**Consideration**"), which is subject to the adjustments set out below at the Completion Date (the "**Cash Consideration**") and one (1) month after the Completion Date (the "**Adjusted Cash Consideration**"), and the assumption of the debt owed by the Vendor to HealthBaby (the "**Debt**").

To derive the Cash Consideration, the Consideration shall be adjusted upwards or downwards (as the case may be) in accordance with a proforma balance sheet of HealthBaby made up as at the Completion Date and the profit and loss account of HealthBaby for the period from 1 January 2017 to the Completion Date (collectively, the "**Proforma Accounts**"), which the Vendor shall deliver to the Company on the Completion Date. The adjustment shall be made in the following manner:

(i) it shall be added to the Consideration any cash (for the avoidance of doubt, excluding but not limited to all accounts receivables and deposits) in excess of 7% of the deferred revenue as shown in the Proforma Accounts (up to and inclusive of the Completion Date); and

(ii) it shall be deducted from the Consideration any bank indebtedness as shown in the Proforma Accounts (other than the Debt).

Based on the Proforma Accounts delivered to the Company on the Completion Date, the Cash Consideration on the Completion Date is US$6,970,668 (approximately S$9,340,695). The Cash Consideration was paid by the Company in the following manner:

(a) a deposit of US$500,000 which has been paid by the Company to the Vendor; and

(b) 90% of the Cash Consideration less the said deposit, being the sum of US$6,470,668 (approximately S$8,670,695) ("**Balance Cash Consideration**"), was paid by the Company to the Vendor upon Completion.

The remainder of the Cash Consideration shall be payable upon the calculation of the Adjusted Cash Consideration after the Proforma Accounts have been reviewed and adjusted by the Company and agreed by the Vendor or arbitrated by a single independent accounting firm if there is any dispute between the Vendor and the Company.

The Company shall have one (1) month after the Completion Date to review and make suggested adjustments to the Proforma Accounts. If the Adjusted Cash Consideration finally determined is less than the Consideration, then the Vendor shall be liable to pay to the Company an amount in cash equal to such shortfall. If the Adjusted Cash Consideration finally determined is greater than the Consideration, then the Company shall be liable to pay to the Vendor an amount in cash equal to such excess.

The amount of the Debt is deemed to have been settled between the Vendor and HealthBaby upon due execution of a novation deed upon Completion.

The Consideration was arrived at after arm's length negotiations between the Vendor and the Company on a willing-buyer and willing-seller basis after taking into account factors such as Healthbaby's after-tax net profit of about HK$12,700,000 (approximately US$1,600,000 or S$2,200,000) over the 12 months ended 31 October 2017.

The Company intends to finance the Acquisition by way of a combination of internal sources of funds and external borrowings. The Balance Cash Consideration was paid using proceeds of the private placement completed on 14 October 2013. After the payment of the Balance Cash Consideration, the remaining balance of the placement proceeds is approximately S$13,300,000. The above utilisation is in accordance with the intended use of the proceeds from the private placement and in accordance with the percentage allocated, as disclosed in the Company's announcement dated 2 October 2013.

4.2 Guarantee

In consideration of the Company entering into the Agreement, the Guarantor unconditionally and irrevocably guarantees to the Company the due and punctual performance and observance by the Vendor and its successors, transferees and assignees of all its obligations arising out of or in connection with, and the punctual discharge of all the Vendor's liabilities under or pursuant to, the Agreement, the Novation Deed (as defined below) and the Patent Assignment (as defined below).

4.3 Novation Deed

In connection with the Agreement, upon Completion, the Company, the Vendor and HealthBaby have also entered into a novation deed (the "**Novation Deed**"), where a debt owed by the Vendor to HealthBaby in the amount of HK$138,204,735 (approximately S$23,800,000) (the "**Novated Loan Amount**") shall be assumed by the Company from the Vendor (the "**Novation**", and together with the "**Acquisition**", the "**Proposed Transaction**").

4.4 Patent Assignment

Upon Completion, HealthBanks Biotech Co., Ltd. and HealthBaby have also executed a deed of assignment (the "**Patent Assignment**") in respect of the assignment of the Hong Kong patent "CRYOPRESERVATION OF UMBILICAL CORD TISSUE FOR CORD TISSUE-DERIVED STEM CELLS" with the registration number HK1180545 to HealthBaby. HealthBanks Biotech Co., Ltd. is a company incorporated in Taiwan and is wholly-owned by the Vendor.

4.5 HealthBaby (Macau)

Upon Completion, BIO HK Limited transferred its 1% shareholding in HealthBaby (Macau) to the Company at a consideration of MOP1,000 (approximately S$165).

5. FINANCIAL EFFECTS

The unaudited pro forma financial effects analysis of the Proposed Transaction has been prepared on the following key bases and assumptions:

(a) based on, among others, the latest audited consolidated financial statements of the Group for the financial year ended 30 June 2017;

(b) for the purposes of illustrating the financial effects of the Proposed Transaction on the NTA per Share of the Group, it is assumed that the Proposed Transaction had been completed on 30 June 2017;

(c) for the purposes of illustrating the financial effects of the Proposed Transaction on the earnings per Share ("**EPS**") of the Group, it is assumed that the Proposed Transaction had been completed on 1 July 2016;

(d) the NTA per Share is computed based on the 259,409,504 ordinary shares of the Company in issue (the "**Shares**"), excluding 8,115,850 treasury shares as at 30 June 2017;

(e) the EPS of the Group is computed based on the weighted average price of 259,374,000 Shares in issue for the financial year ended 30 June 2017;

(f) the transaction value of the Proposed Transaction is S$33,084,000 (the "**Transaction Value**"), being the Singapore Dollar equivalent of the Adjusted Cash Consideration (being the sum of US$6,970,668 (approximately S$9,340,695), on the assumption that no further adjustments are required after the Proforma Accounts have been reviewed and agreed) and the Novated Loan Amount; and

(g) the financial effects of the Proposed Transaction are purely for illustrative purposes only and are neither indicative of the actual financial effects of the Proposed Transaction on the NTA per Share and EPS of the Group, nor do they represent the future financial performance and/or position of the Group immediately following Completion.

5.1 Effect of the Proposed Transaction on the NTA per Share

On the bases and assumptions set out above, the pro forma effect of the Proposed Transaction on the NTA per Share of the Group is as follows:

	Before the Proposed Transaction	**After the Proposed Transaction**
NTA (S$'000)	111,817	82,987
NTA per Share (Singapore cents)	43.10	31.99

5.2 Effect of the Acquisition on EPS

On the bases and assumptions set out above, the pro forma effect of the Proposed Transaction on the EPS of the Group is as follows:

	Before the Proposed Transaction	**After the Proposed Transaction**
Loss attributable to shareholders (S$'000)	2,572	728
Loss Per Share (Singapore cents)	0.99	0.28

6. RELATIVE FIGURES OF THE PROPOSED TRANSACTION UNDER CHAPTER 10 OF THE LISTING MANUAL

Based on the latest announced unaudited consolidated financial statements of the Group for the quarter ended 30 September 2017 (being the most recently announced consolidated financial statements of the Group) (the "**Group Unaudited 1QFY2018 Accounts**"), the relative figures computed on the bases set out in Rule 1006 of the Listing Manual are as follows for the Proposed Transaction:

Listing Rule	**Bases**	**HealthBaby (S$'000)**	**Group (S$'000)**	**Relative Figures**
1006(a)	The NAV of the assets to be disposed of, compared with the Group's NAV	Not applicable to an acquisition of assets.		
1006(b)	The net profits[(i)] attributable to the Sale Shares, compared with the Group's net profits[(ii)]	495	925	53.51%
1006(c)	The Transaction Value compared with the Group's market capitalisation[(iii)]	33,084	199,648	16.57%
1006(d)	The number of equity securities issued by the Company as consideration for the Proposed Transaction, compared with the number of equity securities of the Company previously in issue	Not applicable as no equity securities will be issued by the Company in connection with the Acquisition.		

Notes:

(i) Net profits is defined as profit before income tax, minority interests and extraordinary items.

(ii) The Group's net profits before income tax, minority interests and extraordinary items is taken from the Group Unaudited 1QFY2018 Accounts.

(iii) The Group's market capitalisation is based on a total number of 252,718,954 Shares in issue, excluding 14,806,400 treasury shares, as at the date of this Announcement, and the volume weighted average price per Share of S$0.79 transacted on 29 December 2017, being the last market day preceding the date of the Agreement.

The Transaction is not a major transaction for the purposes of Chapter 10 of the Listing Manual notwithstanding that the relative figure under Rule 1006(b) exceeds 20%. It is provided in Rule 1014 that the rule does not apply in the case of the acquisition of profitable assets if the only limit breached is Rule 1006(b). Accordingly, the Transaction constitutes a discloseable transaction under the provisions of Rule 1010 of the Listing Manual and will not require the approval of shareholders of the Company.

7. INTERESTS OF DIRECTORS AND CONTROLLING SHAREHOLDERS

None of the Directors or controlling shareholders of the Company has any interest, direct or indirect, in the Proposed Transaction. No person is proposed to be appointed as a Director of the Company in connection with the Proposed Transaction.

8. DOCUMENTS AVAILABLE FOR INSPECTION

A copy of the Agreement may be inspected at the registered office of the Company at 1 Yishun Industrial Street 1, #06-01/09 A'Posh Bizhub, Singapore 768160, during normal business hours for a period of three (3) months from the date of this Announcement.

For the purposes of this Announcement, conversion of HK$ into S$ is based on the exchange rate of HK$1.00 to S$0.172, conversion of HK$ into US$ is based on the exchange rate of HK$1.00 to US$0.128, conversion of US$ into S$ is based on the exchange rate of US$1.00 to S$1.34 and conversion of MOP into S$ is based on the exchange rate of MOP1.00 to S$0.165. These translations are however solely for illustrative purposes and should not be construed as a representation that the relevant amounts have been or could be converted at this rate or at any other rate.

By Order of the Board
CORDLIFE GROUP LIMITED

Dr. Wong Chiang Yin
Executive Director and Group Chief Executive Officer
3 January 2018