



FILE PHOTO

**Thinking big:** Deal gives Cordlife the opportunity and platform to expand its reach in China, in line with its growth plans, said Jeremy Yee, Cordlife CEO

# Cordlife to buy 10% of China Cord

## US\$20.8m deal buys stake in China's largest operator

By **TEO SI JIA**

CORDLIFE Group Ltd has made its first big move to expand its operations.

The Singapore-listed cord blood banking service provider has entered into a share purchase agreement to buy a 10 per cent stake in China Cord Blood Corporation for US\$20.8 million.

China Cord, which is listed on the New York Stock Exchange, is the first and largest cord blood banking operator in China in terms of geographical coverage. It is also the only cord blood banking operator in China to have multiple licences.

The consideration –

working out to US\$2.85 per China Cord share – represents a 10 times multiple of the earnings of China Cord attributable to the sale shares for the fiscal year ended March 31, 2012. The weighted average price of China Cord shares traded on Aug 14 was about US\$2.64.

Under the share purchase agreement, Cordlife will sell its 10 per cent interest in China Stem Cells (South) Company (CSCS) held by its Hong Kong unit Cordlife (Hong Kong) Ltd for US\$16.8 million through a shares repurchase agreement.

CSCS owns the entire equity interest in Guangzhou Municipality Tianhe Nuoya Bio-engineering Co Ltd.

With the transaction,

China Cord, which has an indirect 90 per cent stake in CSCS, will be the sole indirect shareholder of Guangzhou Municipality. The latter is the sole cord blood banking operator in the Guangdong province.

The disposal consideration, a 10 times multiple of the earnings of CSCS attributable to the repurchased shares for the financial year ended March 31, 2012, is about US\$4.6 million higher than the net asset value of the repurchased shares.

The US\$20.8 million acquisition price will be largely offset by the US\$16.8 million disposal consideration. The balance will be funded from IPO proceeds, said Cordlife.

“As market leaders in Singapore and Hong Kong,

we believe that the transactions present Cordlife with the opportunity and platform to expand our geographical reach in the PRC beyond the Guangdong province, in line with our growth plans,” said Jeremy Yee, Cordlife’s executive director and chief executive officer.

He added that the transactions will be accretive as they allow Cordlife to exchange its equity stake in private company CSCS, for ordinary shares in China Cord.

On completion of the transactions, Mr Yee will resign from his position as director in CSCS and take on the post of non-executive director on the China Cord board.

Cordlife shares lost one cent in trading yesterday to close at 48.5 cents.