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TALKING TO... CORDLIFE GROUP'S JEREMY YEE

Banking on stem cells for profits

By MELISSA TAN

TO CORDLIFE Group chief executive Jeremy Yee, Singapore's plummeting total fertility rate offers something of a silver lining.

Because Singaporeans are growing more affluent and they are also having fewer kids, parents are more likely to want to store their children's cord blood, Mr Yee told The Straits Times.

This translates into good business for Cordlife, Singapore's top private cord blood bank.

The company collects umbilical cord blood at birth, then processes, tests and stores the blood for future use. Cord blood contains stem cells that are used in certain medical treatments.

In Singapore, Cordlife works closely with partners such as Thomson Medical Centre and Parkway East Hospital, where it has booths to raise awareness about cord blood banking, Mr Yee said.

The company has applied to the Ministry of Health here for a licence to store umbilical cord tissue as well. Such tissue contains stem cells different from those found in cord blood.

Cordlife, which listed on the Singapore Exchange mainboard in March this year, has about 80 staff in Singapore and nearly 40 in Hong Kong.

Mr Yee told The Straits Times that even though the company has gone public, the interests of its clients still take top priority.

"To the customer, it's a life and death issue, whereas for the shareholder, it's an issue of return on investment," he said.

"We will always ensure that the appropriate processes are in place and that quality is upheld. We cannot compromise in these areas to get better returns."

Cordlife posted a net profit of \$6.9 million for the full year end-



Cordlife chief executive Jeremy Yee says moves to unlock value include a deal announced last month that would make it the only firm outside China to invest in the country's cord blood banking industry. ST PHOTO: PANDORA WONG

ed June 30, down 18 per cent from levels in the preceding year, mainly because of listing fees.

Revenue rose 12 per cent to \$28.8 million.

Mr Yee said that while gross profit margins fell, the reason was higher costs incurred in carrying out additional tests required by the American Association of Blood Banks.

Cordlife saw its shares surge sharply at their debut, closing at 68 cents, up 37 per cent from the initial public offering (IPO) price of 49.5 cents. However, the share price has slid since, dipping below the IPO price in May. It has inched above 50 cents only in recent weeks.

The counter closed at 54 cents on Friday.

Still, from a "fundamentals perspective", said Mr Yee, Cordlife has done relatively well in the markets. "I'm fairly confident that, ultimately, good companies will show their value. Companies with deep value need time."

Cordlife will continue unlocking value for shareholders, Mr

Yee said, pointing to its move into China.

It announced in the middle of last month that it had agreed to buy a 10 per cent stake in China Cord Blood Corp for US\$20.8 million (\$25.7 million).

The deal, subject to shareholder approval at a meeting to be called later, essentially involves Cordlife exchanging its shares in a private company based in Guangdong province for shares of a publicly listed firm.

Mr Yee said this move would lower Cordlife's risk exposure.

China Cord Blood Corp, whose shares are traded on the New York Stock Exchange, is China's largest cord blood bank operator.

The deal would make Cordlife the only firm outside China to invest in the country's cord blood banking industry, said Mr Yee.

Within the next three to five years, Cordlife could also expand into countries such as India, Indonesia and the Philippines, he said.

It does not plan to expand beyond Asia for now.

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