



# China Cord Blood Corporation (NYSE : CO)

Corporate Presentation – November 2016



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The forward-looking statements included in this presentation are subject to risks, uncertainties and assumptions about the Company's businesses and business environments. These statements reflect the Company's current views with respect to future events and are not a guarantee of future performance. Actual results of the Company's operations may differ materially from information contained in the forward-looking statements as a result of risk factors some of which include, among other things: continued compliance with government regulations regarding cord blood banking in the People's Republic of China, or PRC and any other jurisdiction in which the Company conducts its operations; changing legislation or regulatory environments (including the relaxation of China's one child policy) in the PRC and any other jurisdiction in which the Company conducts its operations; the acceptance by subscribers of the Company's different pricing and payment options and reaction to the introduction of the Company's premium-quality pricing strategy; demographic trends in the regions of the PRC in which the Company is the exclusive licensed cord blood banking operator; labor and personnel relations; the existence of a significant shareholder able to influence and direct the corporate policies of the Company; credit risks affecting the Company's revenue and profitability; changes in the healthcare industry, including those which may result in the use of stem cell therapies becoming redundant or obsolete; the Company's ability to effectively manage its growth, including implementing effective controls and procedures and attracting and retaining key management and personnel; changing interpretations of generally accepted accounting principles; the availability of capital resources, including in the form of capital markets financing opportunities, in light of industry developments affecting issuers that have pursued a "reverse merger" with an operating company based in China, as well as general economic conditions; the non-binding proposal letters from Golden Meditech Holdings Limited ("Golden Meditech") and Nanjing Xinjiakou Department Store Co., Ltd. ("Nanjing Xinjiakou") and the proposed transactions between Golden Meditech Stem Cells (BVI) Company Limited ("GMSC") and Nanjing Xinjiakou and the alternative proposal and the supplementary agreement between Golden Meditech and Sanpower Group Co., Ltd.; and other relevant risks detailed in the Company's filings with the Securities and Exchange Commission in the United States.

## Regulation G Compliance

You are also reminded that during this presentation, certain non-GAAP financial measures, such as EBITDA before Share-based Compensation Expense, EBITDA before Share-based Compensation Expense Margin, Net Income ex. CB Interests may be discussed. These measures should not be considered an alternative to net income, or any other measure of financial performance or liquidity presented in accordance with U.S. generally accepted accounting principles (U.S.GAAP). These measures are not necessarily comparable to a similarly titled measure of another company. Please refer to the Appendix for information that reconciles these discussed figures with the most comparable U.S. GAAP measures.



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## **Executive Summary**

# Executive Summary

## Largest Presence & Coverage in China

- First and largest cord blood banking operator in China
  - Company stores cord blood for clients for potential clinical use
  - Started commercialization in Beijing in 2003, listed on NYSE in 2009
- Sole operator in Beijing, Guangdong and Zhejiang, 3 of 7 total licensed regions, covering ~2 mil newborns per year
- 24% minority stake in Shandong Cord Blood Bank; ~10% equity interest in Cordlife Group Limited (CGCL.SP)
- ~536,877<sup>1</sup> subscribers as of September 30, 2016

## Strong Financials & Cash-flow Generation

- **Strong cash flow:** 2QFY17 recorded ~US\$20.4 mil operating cash flow, revenue amounted to US\$27.6 mil
- **Stable profit margins:** 2QFY17 gross margin at ~78.8%;  
EBITDA before share-based compensation expense margin at ~45.0%
- **Solid balance sheet:** US\$471.3 mil cash and cash equivalent as of September 30, 2016

*Note:*

1. During the three months and six months ended September 30, 2016, 18,037 and 34,674 new subscribers were recruited, respectively. During the three months period ended September 30, 2016, the Company reclassified 2,065 private cord blood units as donated cord blood units. These units will be part of the Company's non-current inventories. Hence the net accumulated subscriber base was 536,877 as of September 30, 2016.

2. Fiscal year ended March 31



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# Key Financial Highlights

<i>In RMB '000, FY ended March</i>	<b>FY2012</b>	<b>FY2013<sup>3</sup></b>	<b>FY2014</b>	<b>FY2015</b>	<b>FY2016</b>
<b>Revenues</b>	<b>380,490</b>	<b>526,123</b>	<b>572,857</b>	<b>635,122</b>	<b>662,999</b>
<b>Revenue Growth %</b>	12.1%	38.3%	8.9%	10.9%	4.4%
<b>Gross Profit</b>	<b>293,832</b>	<b>419,502</b>	<b>466,632</b>	<b>504,511</b>	<b>518,401</b>
<b>Gross Margin %</b>	77.2%	79.7%	81.5%	79.4%	78.2%
<b>Operating Income</b>	<b>134,843</b>	<b>209,314</b>	<b>231,926</b>	<b>234,996</b>	<b>191,330</b>
<b>Depreciation &amp; Amortization</b>	<b>29,357</b>	<b>35,874</b>	<b>37,065</b>	<b>50,609</b>	<b>50,166</b>
<b>Share-based Compensation</b>	-	-	-	<b>16,535</b>	<b>58,684</b>
<b>EBITDA before Share-based Compensation<sup>1</sup></b>	<b>164,200</b>	<b>245,188</b>	<b>268,991</b>	<b>302,140</b>	<b>300,180</b>
<b>EBITDA before Share-based Compensation<sup>1</sup> Margin%</b>	43.2%	46.6%	47.0%	47.6%	45.3%
<b>Net Income</b>	<b>141,965</b>	<b>119,642</b>	<b>132,526</b>	<b>107,793</b>	<b>91,333</b>
<b>Interest Expense</b>	<b>3,287</b>	<b>70,097<sup>4</sup></b>	<b>70,075<sup>4</sup></b>	<b>101,102<sup>4</sup></b>	<b>107,967<sup>4</sup></b>
<b>Net Income ex. CB Interests</b>	<b>141,965</b>	<b>186,217</b>	<b>199,783</b>	<b>204,633</b>	<b>196,251</b>
<b>Net Income ex. CB Interests Margin %</b>	37.3%	35.4%	34.9%	32.2%	29.6%
<b>Cash &amp; Cash Equivalents</b>	<b>794,311</b>	<b>1,494,099</b>	<b>1,882,901</b>	<b>2,436,655</b>	<b>3,008,422</b>
<b>Net Assets</b>	1,235,627	1,241,463	1,439,996	1,543,213	1,713,425
<b>Operating Cash Flow ("OCF")</b>	<b>353,858</b>	<b>578,632</b>	<b>536,015</b>	<b>594,866</b>	<b>580,997</b>
<b>OCF as % of Revenue</b>	93.0%	110.0%	93.6%	93.7%	87.6%

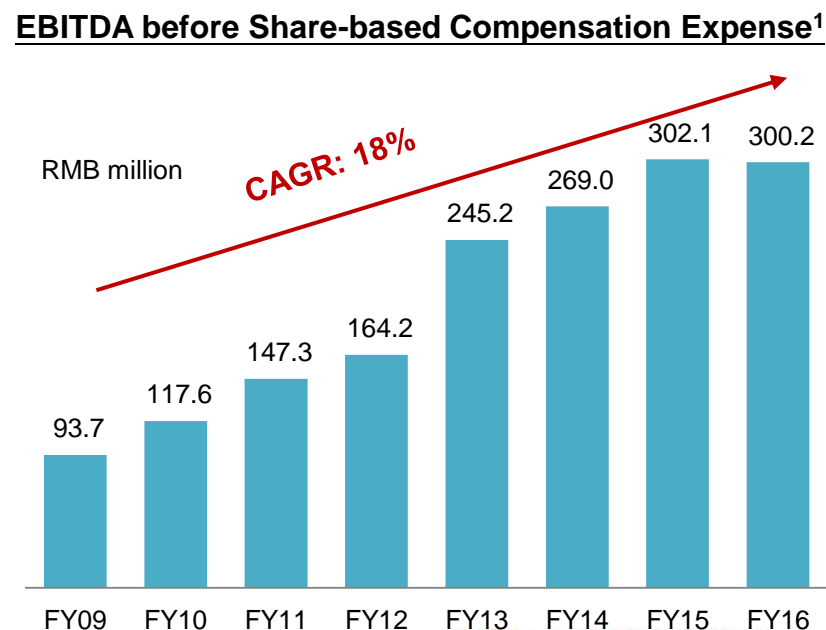
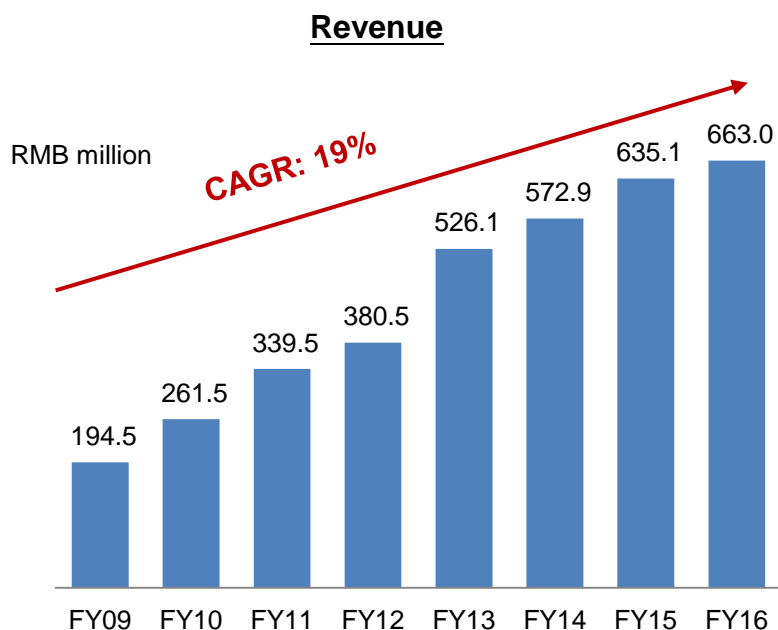
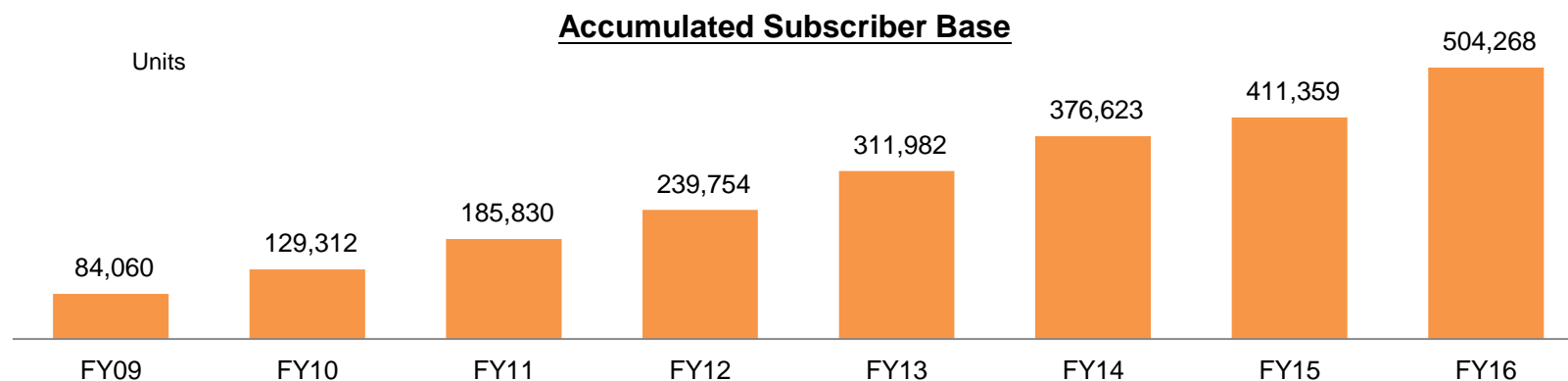
Market Cap<sup>2</sup> (Nov 17, 2016)

~RMB 4.1 bil

Notes:

1. Representing operating income before depreciation and amortization and share-based compensation expenses, see appendix for a reconciliation to U.S. GAAP amounts
2. Based on fully diluted shares outstanding: 120 mil shares (Including shares in RSU Trust and assuming convertible notes conversion as they are currently in the money)
3. Year of the Dragon
4. Including CB interests of RMB66.6 mil, RMB67.3 mil, RMB96.8 mil and RMB104.9 mil in the fiscal years ended March 31, 2013, 2014, 2015 and 2016 respectively

# Strong Operating & Financial Growth



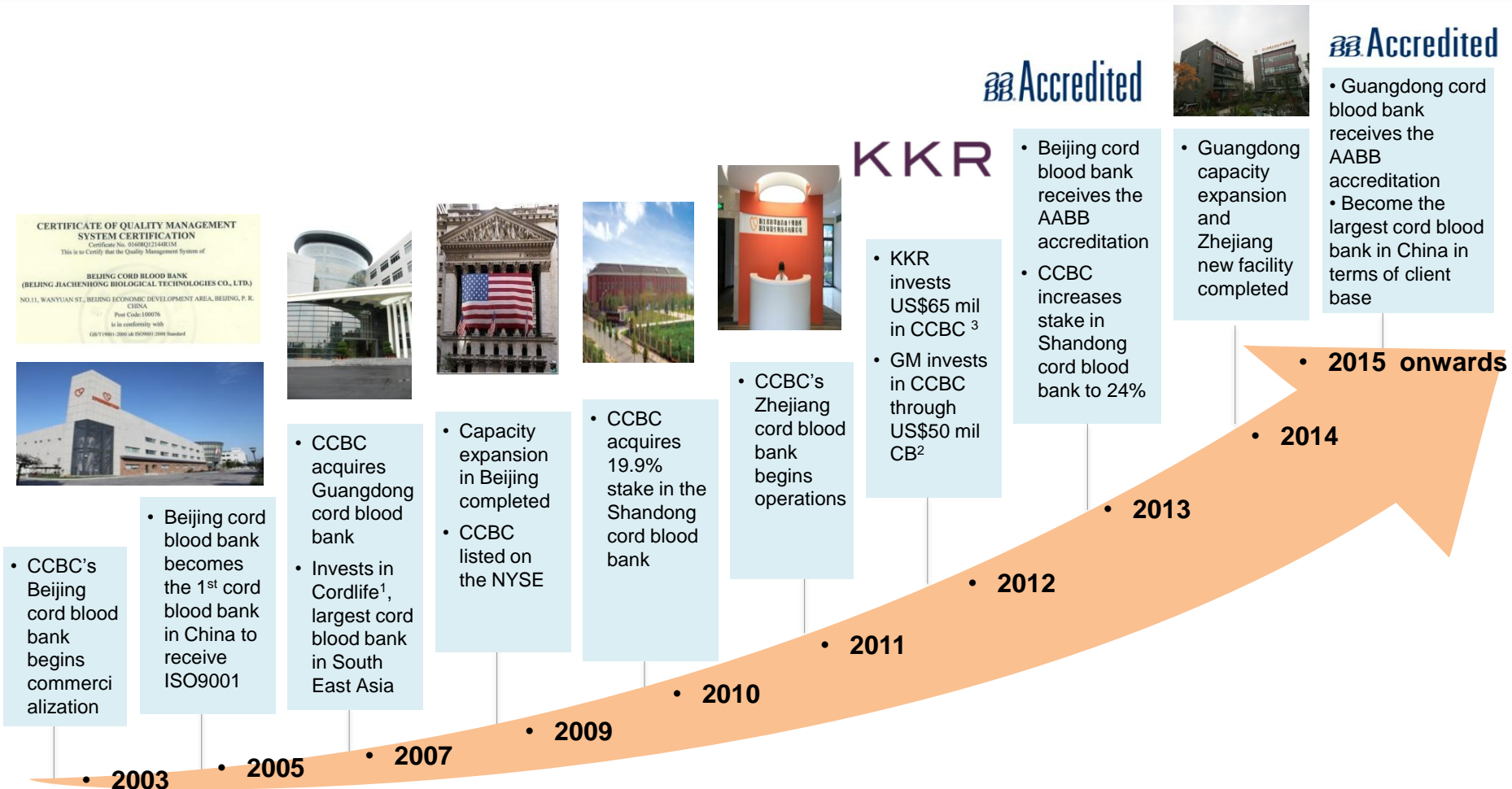
**Notes:**

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2. Fiscal year ended March 31



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# Timeline and Milestones



1. Cordlife Group Limited ("Cordlife") is a consumer healthcare company catering to the mother and child segment and a leading cord blood and umbilical cord lining banking services provider. Cordlife has the largest market share of private cord blood banks in Singapore, Indonesia and the Philippines. In Hong Kong and India, it is amongst the top three market leaders for private cord blood banks. It is also a controlling shareholder of a Malaysia-based cord blood banking operator. Source: Deloitte & Touche Financial Advisory Services Limited report, Oct 2014
2. Convertible note ("CB") of US\$50 mil was subsequently transferred from Golden Meditech to Magnum Opus International Holdings Ltd ("Magnum") and Cordlife in Nov 2014. In Nov 2015, the CB of US\$25 mil held by Cordlife was transferred to Golden Meditech. In Dec 2015, the CB of US\$25 mil held by Magnum was transferred to Golden Meditech. Subsequently such CB of US\$50 mil was transferred to Golden Meditech's subsidiary, GMSC.
3. In Aug 2015, CB of US\$65 mil was transferred from KKR China Healthcare Investment Limited ("KKR") to Excellent China Healthcare Investment Ltd which is a wholly owned subsidiary of Magnum Opus 2 International Holdings Ltd, who subsequently transferred the CB to GMSC in Jan 2016.



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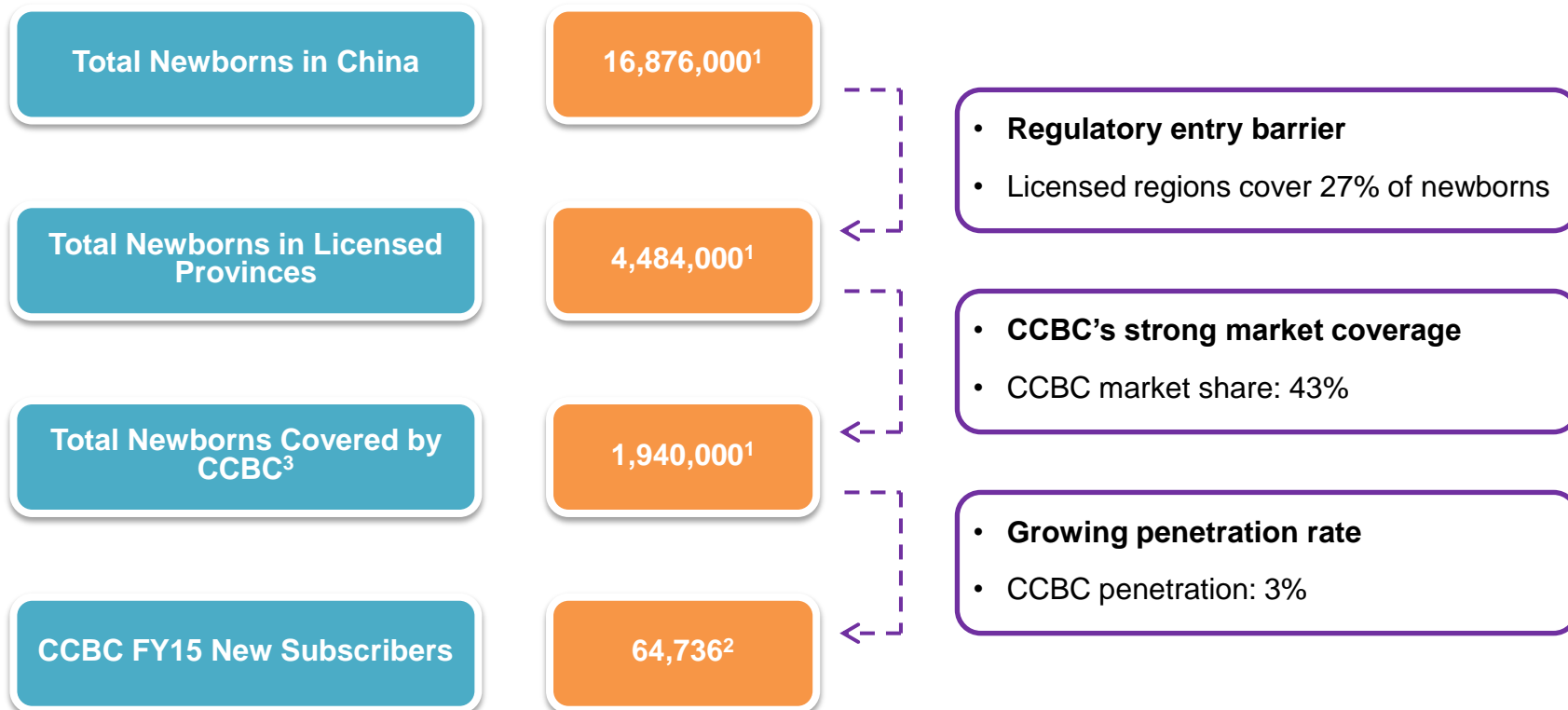


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## Company Overview

# Company Overview

- China Cord Blood Corporation (NYSE: CO) is the first and largest cord blood banking operator in China, providing cord blood stem cell processing and storage services for subscribers exclusively in the **Beijing municipality, Guangdong province, and Zhejiang province**



Sources:

1. National Bureau of Statistics of China (China Statistical Yearbook 2015)
2. Fiscal year ended March 31, 2015
3. Covers Beijing, Guangdong and Zhejiang

# Strong Market Coverage

## Cord Blood Banking Licenses in China



- CCBC is the only operator with multiple licenses
- Beijing, Guangdong and Zhejiang are among the **wealthiest regions** in China
- 7 licensed regions only account for approximately 27% of newborn population in China

Source:

– National Bureau of Statistics of China (China Statistical Yearbook 2015)

Notes:

1. Represents direct-controlled municipalities, which are cities

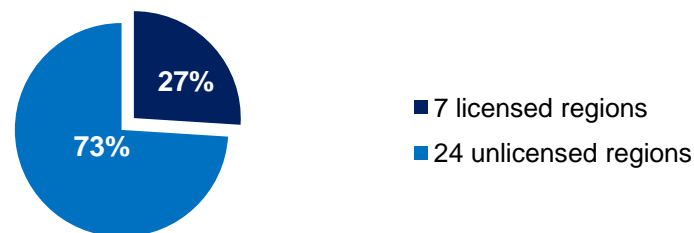
2. 24% equity investment

## Largest Newborn Coverage Among Authorized Regions

Province / Municipality	Newborn Population	Percentage of Total (%)
Beijing <sup>1</sup>	208,000	5%
Guangdong	1,154,000	26%
Zhejiang	578,000	13%
Shandong <sup>2</sup>	1,389,000	31%
Tianjin <sup>1</sup>	123,000	3%
Shanghai <sup>1</sup>	202,000	4%
Sichuan	830,000	18%
<b>Total</b>	<b>4,484,000</b>	<b>100%</b>

■ CCBC's operating regions
 ■ CCBC's minority investment

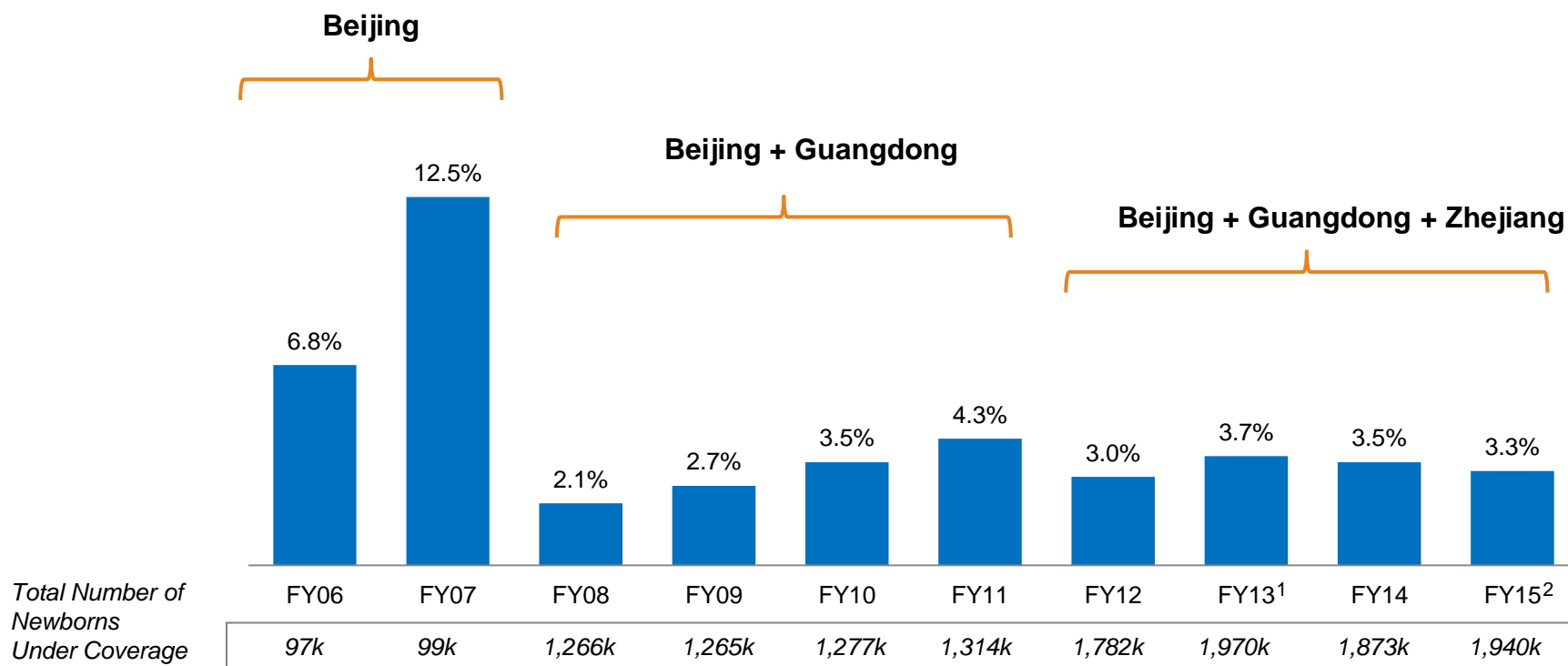
## Newborns' Cord Blood Banking Coverage Represents Fraction of China's Total



# Market Expansion and Growing Penetration Rates

➤ CCBC has proven track record in entering and deepening penetrations in new markets

- **Beijing (entered in 2003)**: longest operating history, gradually reaching higher penetration
- **Guangdong (entered in 2007)**: a fast developing market
- **Zhejiang (entered in 2011)**: a relatively nascent market



Sources:

- National Bureau of Statistics of China (China Statistical Yearbook 2015)
- CCBC's annual reports

Notes:

1. Calendar Year Jan 2012 – Feb 2013 is the Year of Dragon, FY13 data is partially influenced upward
2. Calendar Year Feb 2015 – Feb 2016 is the Year of Sheep

# Business Overview

## Cord Blood Collection



- Cord blood is collected by qualified physician in hospitals immediately after the baby is born
- Deliver to laboratories within 24 hours

## Stem Cells Processing



- Remove red blood cells, platelets, and other components
- Determine cell recovery rate and amount of total nucleated cells (TNC)

## Lab Testing & Validation



- Test for bacteria and viruses
- Percentage of stem cells contained is determined
- HLA test is conducted to match up donors and recipients of transplant
- Extraction of other relevant information for client record

## Stem Cells Storage



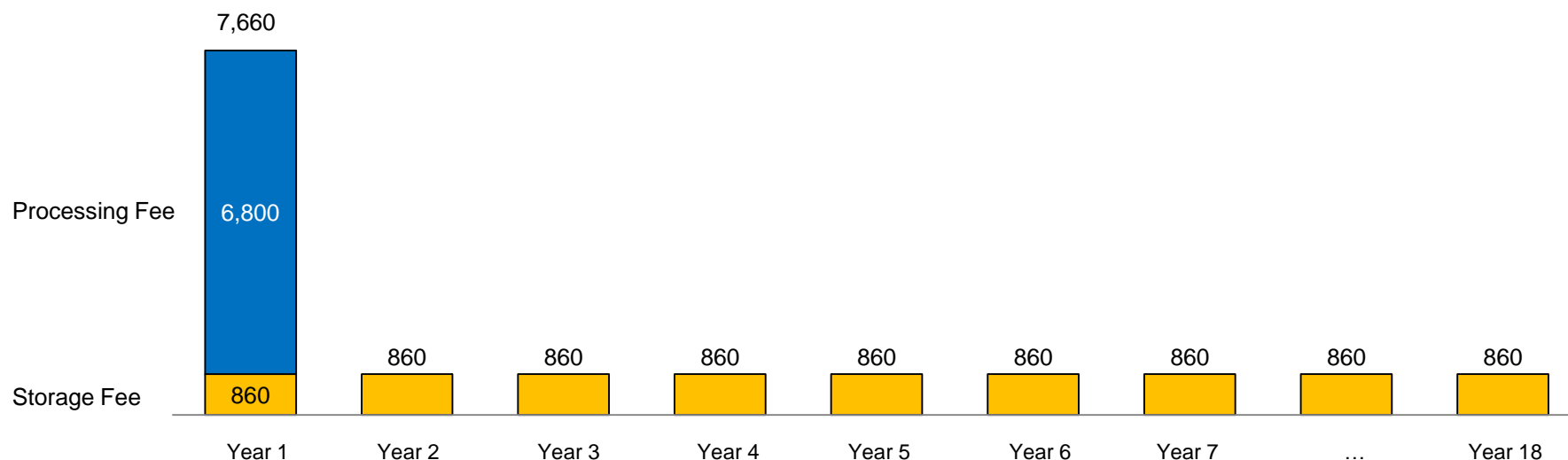
- Pre-storage programmed freezing to minus 90 degrees celsius
- Store the samples in tanks with liquefied nitrogen (minus 196 degrees celsius)
- Security system monitoring and tracking on a real time basis



# Our Revenue Model

## Subscription & Revenue Model

- Revenue from subscription fees consist of two components:
  - Processing fee (RMB6,800)
  - Annual storage fee (RMB860 / year for 18 years)
- Revenue recognition is based on service delivery (graphed below) over the 18 years, though cash flow profile could vary according to different payment plans
  - Cash to receive after service delivery → **Accounts receivable**
  - Cash received before service delivery → **Deferred revenue**
- Aggregated revenue per subscriber is ~RMB22,280 (RMB6,800 + RMB860 x 18)

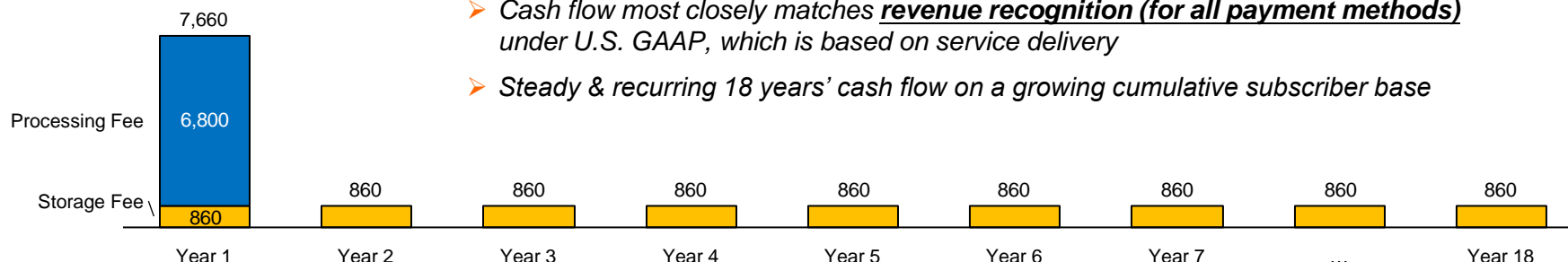


**Notes:**

1. Customers have the right to terminate their subscription agreements with us prior to the end of the 18-year term, and the children have the option of continuing them beyond 18 years
2. All figures in RMB

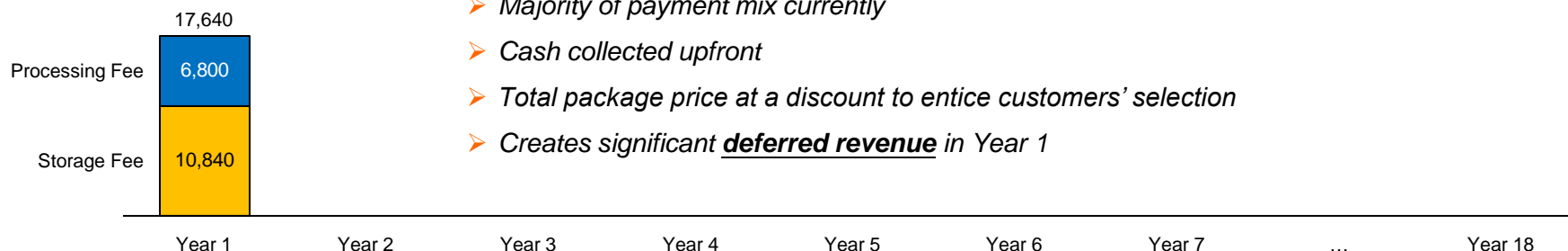
# Single Customer Cash Flow Stream

## Normal Payment Plan



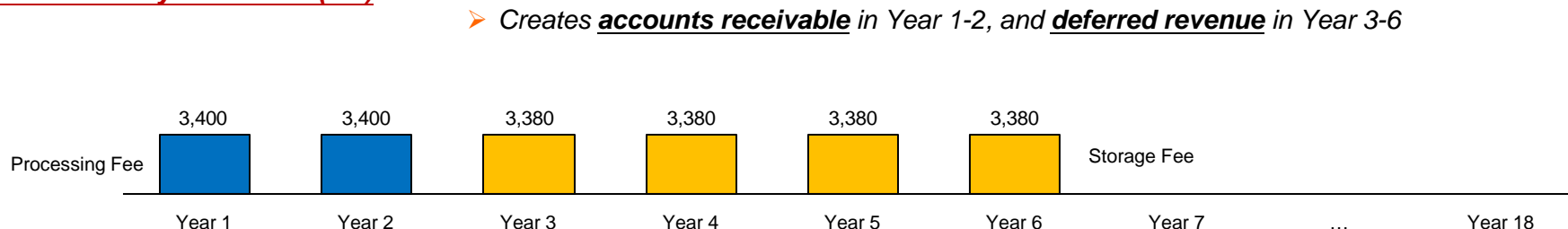
- Cash flow most closely matches revenue recognition (for all payment methods) under U.S. GAAP, which is based on service delivery
- Steady & recurring 18 years' cash flow on a growing cumulative subscriber base

## Upfront Payment Plan



- Majority of payment mix currently
- Cash collected upfront
- Total package price at a discount to entice customers' selection
- Creates significant deferred revenue in Year 1

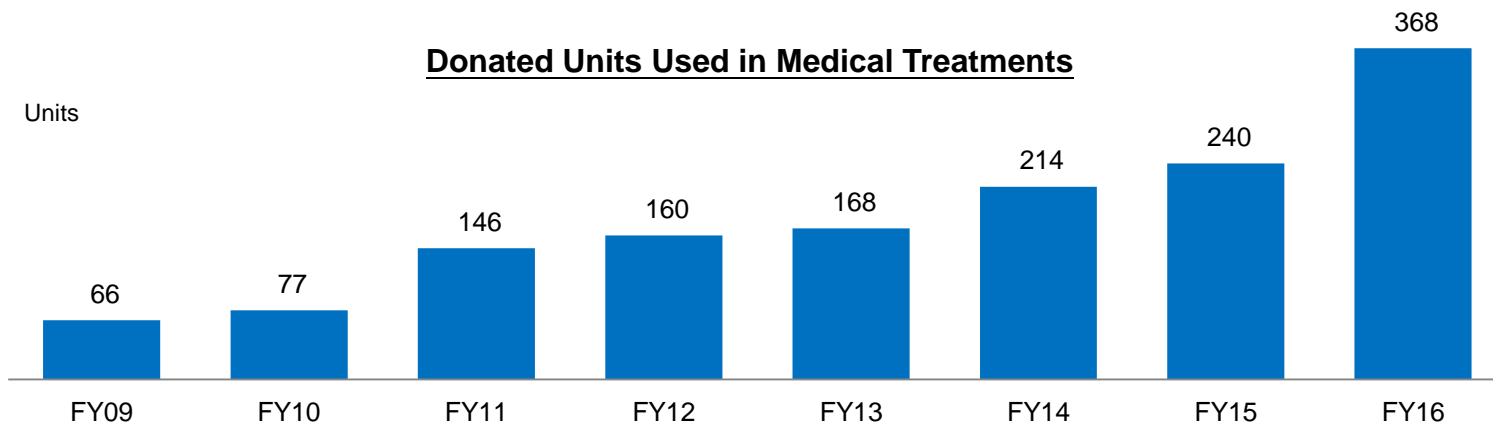
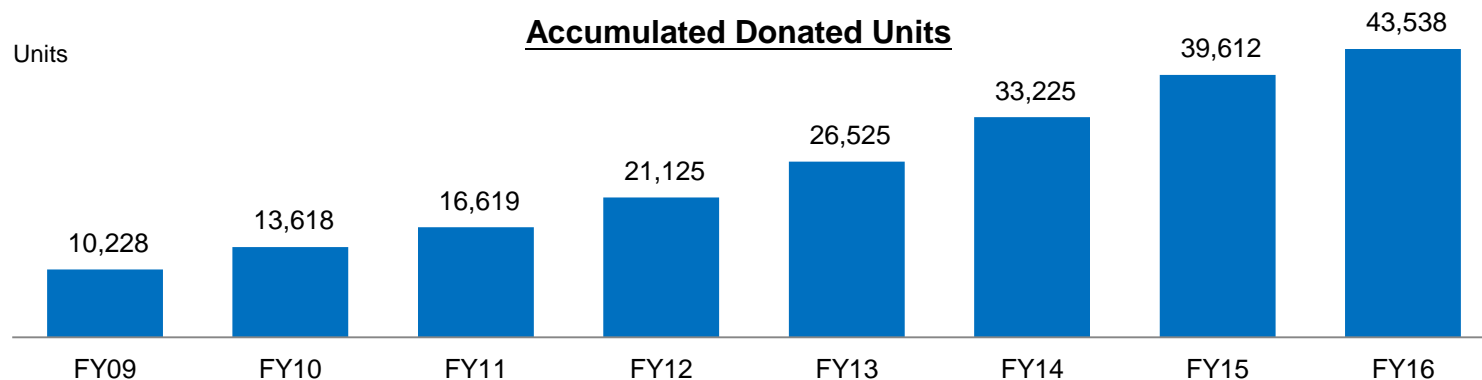
## Installment Payment Plan (BJ)



- Creates accounts receivable in Year 1-2, and deferred revenue in Year 3-6

# Public Bank & Social Commitment

- CCBC operates multiple public cord blood banks in China, and applies the highest operation standards to meet the embedded social responsibilities
- CCBC has established collaboration with Cordlife to share its donated samples database, and locate suitable samples to increase matching probability for those seeking stem cell therapy
  - A milestone collaboration to assist families across PRC and other parts of Asia

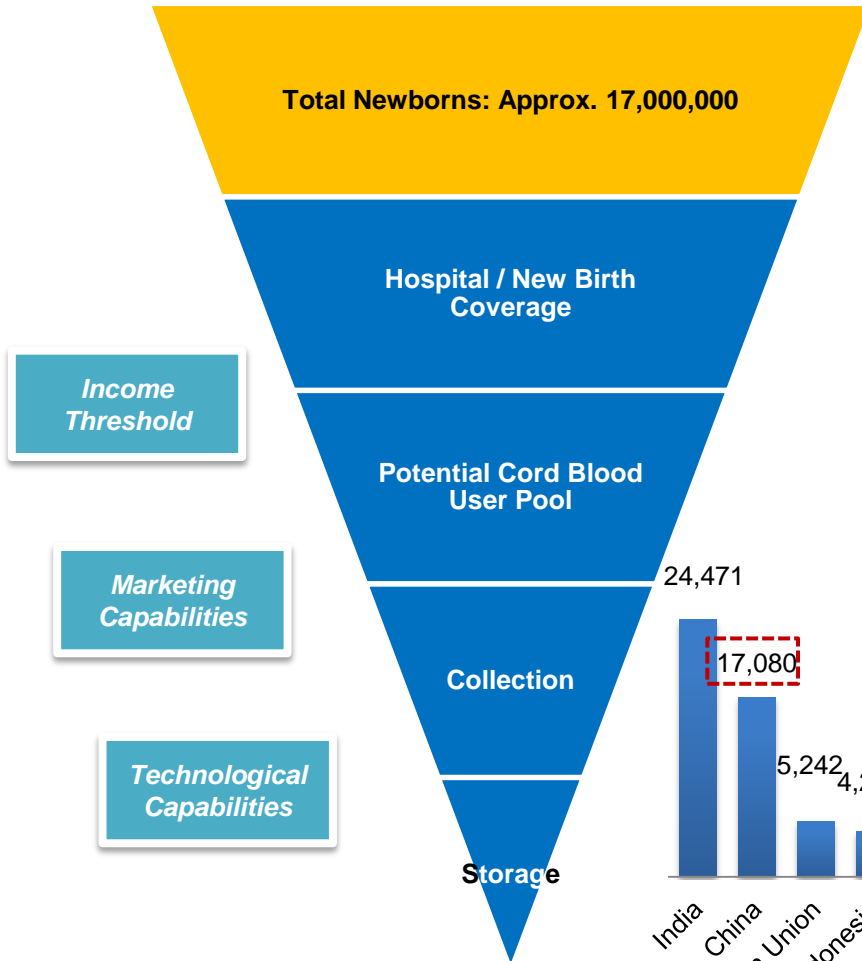






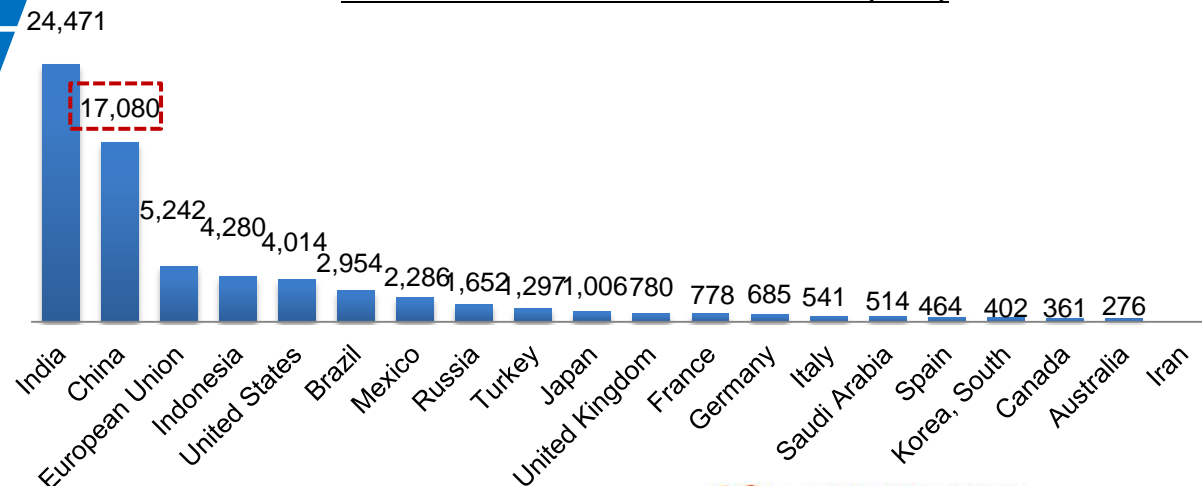
## Industry Overview

# Large Potentially Addressable Market



- The number of **newborns in China rank 2nd** in the world
  - 17 mil newborns per annum
  - Substantial market depth with high entry barrier
- Only **7 out of 31 administrative regions** in China have been authorized to provide cord blood banking services
  - More untapped demand to emerge with market education
  - Recent relaxation of single-child policy

**2015 World Top 20 Economies  
Newborns Per Annum Estimation<sup>1</sup> ('000)**

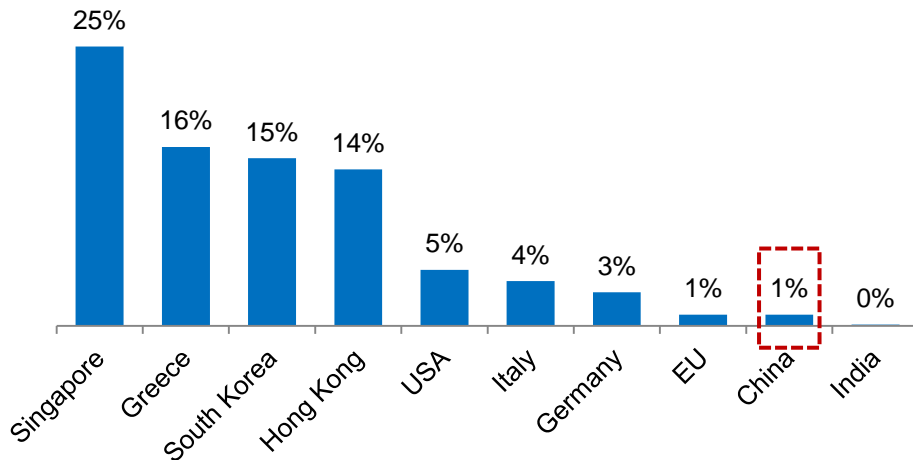


# Nascent Market with Huge Penetration Upside

## ➤ Overall penetration rate est. at approx. 1% in the PRC

- Very low compared to other regions in Asia such as Hong Kong, Singapore and South Korea
- The adoption of the cord blood banking service will continue to rise, with growing disposable income, continuous market education, continuous urbanization and on-going R&D on clinical applications

**Cord Blood Penetration Rate by Country**



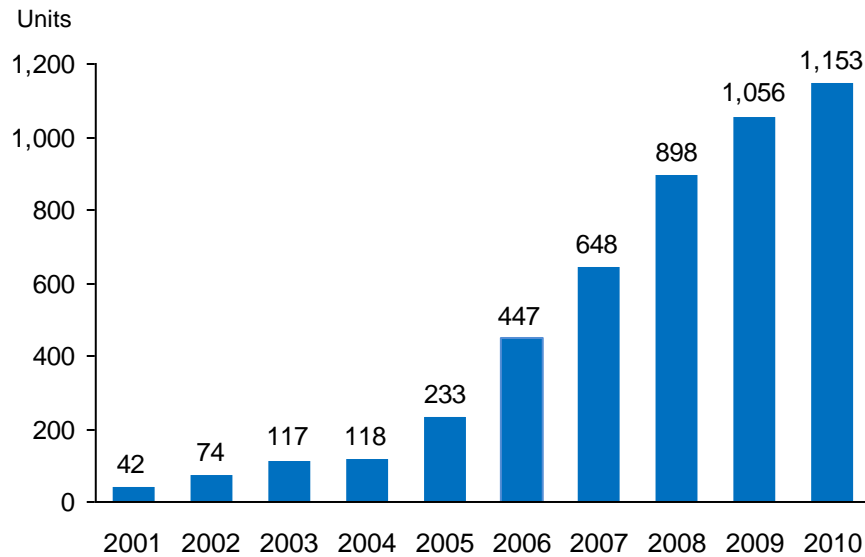
## Comparison with More Mature Asia Market

	China	South Korea
<b>Regulation</b>	<ul style="list-style-type: none"> <li>Restricted number of banks - one license per province/municipality</li> <li>Stringent approval process</li> <li>Unrestricted pricing</li> </ul>	<ul style="list-style-type: none"> <li>Highly unregulated up to 2005, when MoH introduced guidelines to help cord blood banks win public trust</li> </ul>
<b>Public Awareness</b>	<ul style="list-style-type: none"> <li>Significant public awareness momentum in some of the regions with licenses</li> <li>Lack of awareness outside those regions</li> </ul>	<ul style="list-style-type: none"> <li>Concept of cord blood banking introduced since late 1990s and industry has grown quickly</li> </ul>
<b>Market Growth Potential</b>	<ul style="list-style-type: none"> <li>Est. 1% penetration</li> <li>17m newborns per year</li> <li>Huge upside from large newborn population, expanding income and potential for more licenses</li> </ul>	<ul style="list-style-type: none"> <li>Approx. 15% penetration</li> <li>0.4m newborns per year</li> <li>Market already highly penetrated, though could see growth after additional clinical applications</li> </ul>
<b>Religion &amp; Ethics</b>	<ul style="list-style-type: none"> <li>No religious and ethical issue against stem cells</li> <li>Cultural norms favor idea of "biological insurance"</li> </ul>	<ul style="list-style-type: none"> <li>No religion and ethical issue against stem cells</li> <li>Cultural norms favor idea of "biological insurance"</li> </ul>

# Proven Cord Blood Stem Cell Therapies

- Hematopoietic stem cell is proven to treat diseases, such as leukemia, aplastic anemia, and potentially more therapeutic benefit emerging from ongoing R&D and clinical studies every year
  - The application of cord blood stem cells has been proven since 1988, and is now increasingly used given its less stringent matching requirements, low risk of GVHD (Graft-versus-host disease) compared to adult bone marrow stem cells
  - Stem cells have been used for over 30 years to patients with various conditions related to blood cancer
  - Up till 2013, more than 30,000 cord blood transplants have been performed around the world
  - Cord blood stem cells can now treat over 80 types of diseases
  - Cord blood stem cells collection poses no discomfort or harm to the mother and child

## Successful Cord Blood Stem Cells Transplantations



## Key Advantages of Storing Cord Blood Stem Cells

- Easy & fast collection without medical risk
- Readily available supply when in need
- Higher successful rate due to lower risk of GVHD
- On-going R&D with increasing potential usage of cord blood stem cells in the future

Source:  
U.S. National Marrow Donor Program  
American Society of Hematology

# Regulations and Industry Dynamics

## High Entry Barriers

- Under the “**One License per Region**” policy, only one cord blood banking license is issued in any single province / municipality, precluding more than one cord blood licensee from operation in the same jurisdiction
- **Only 7 licenses** have been issued in China as of today
- The NHFPC will **NOT issue additional licenses till 2020**
- It typically takes **several years to complete the application** process with stringent requirements
- Significant upfront financial commitment and highly uncertain duration for the application process

## Favorable Macro Factors

- Relaxation of single-child policy will allow couples to have two children
- Urbanization, rising disposable income, more expenditure on healthcare for better services
- Rising public awareness of cord blood stem cells' clinical usage

## Lengthy & Stringent Application Process

Application to the National Health and Family Planning Commission (NHFPC)



Facilities that meet various national standards



Collection of donated samples



Fulfilling transplant requirements



Final review and approval



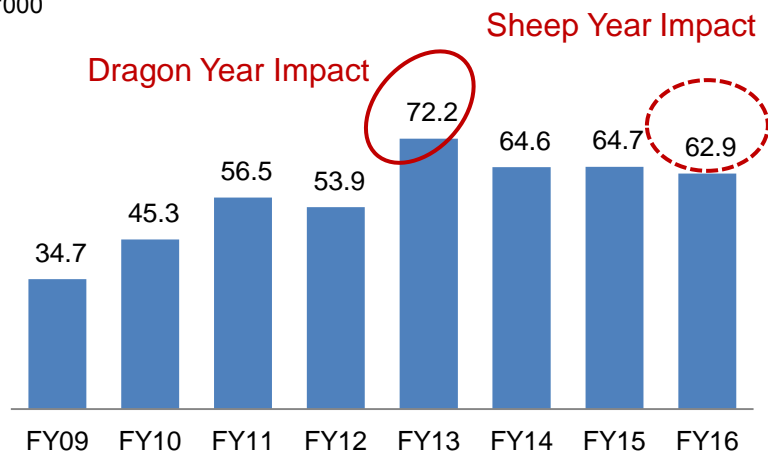


## Financial Highlights

# Subscriber Growth and Seasonality

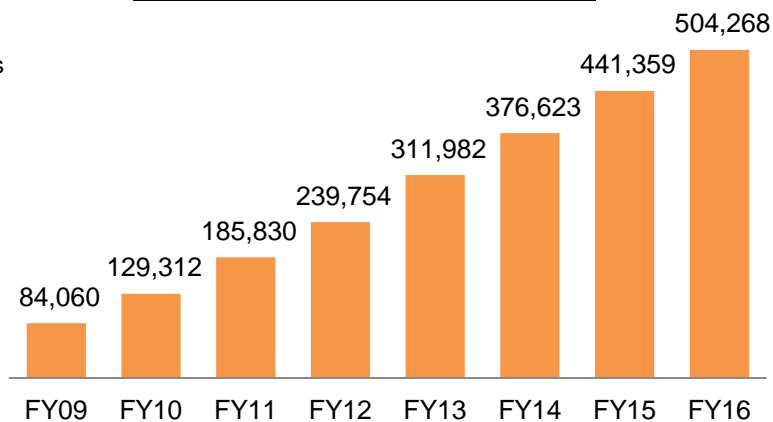
## Annual New Subscriber Sign-ups

Units '000



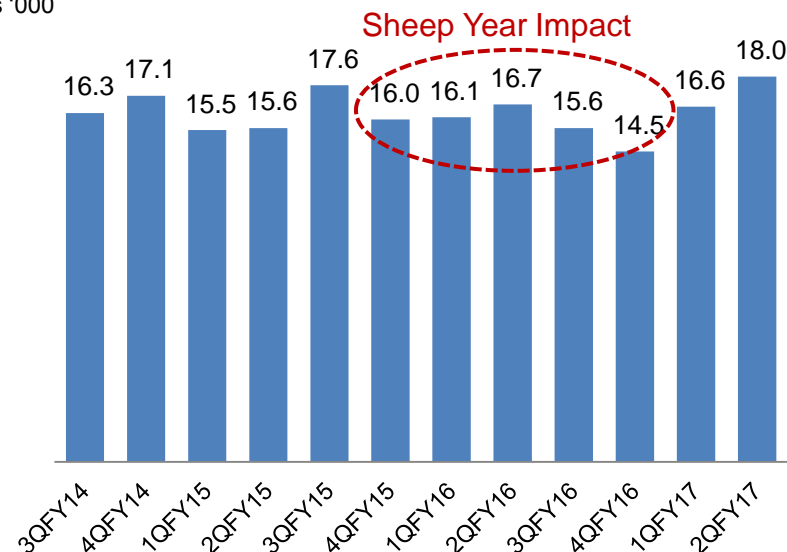
## Accumulated Subscriber Base

Units



## Quarterly New Subscriber Sign-ups

Units '000



- Dragon year (4QFY12-4QFY13) baby boom resulted in a YoY drop in new subscribers in FY14. New subscriber is returning to a steady growth in FY14-15
- Sheep year (4QFY15-4QFY16) newborn number dropped significantly but is on track of recovery from 1QFY17
- In 2QFY17 new subscribers and accumulated subscriber base were 18,037 and 536,877<sup>1</sup> respectively

Note:

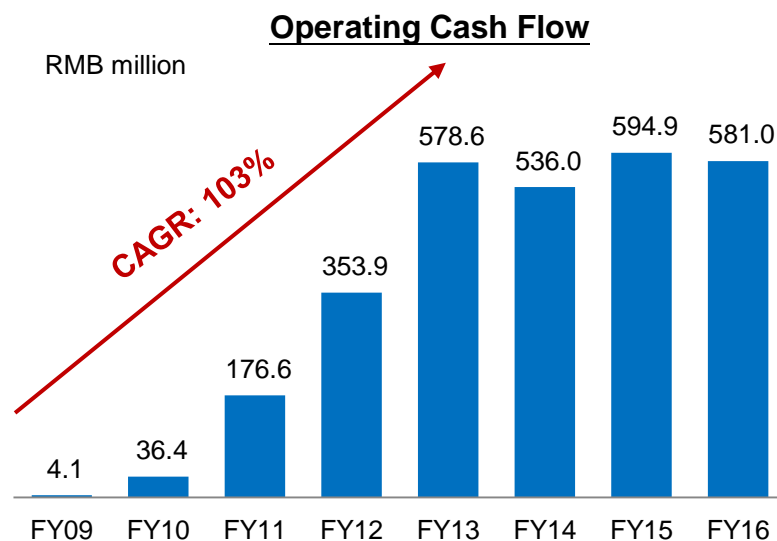
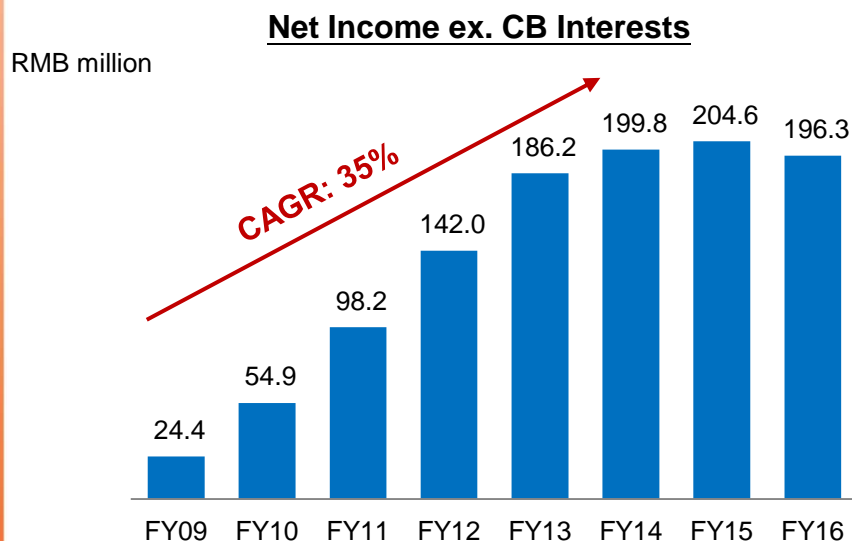
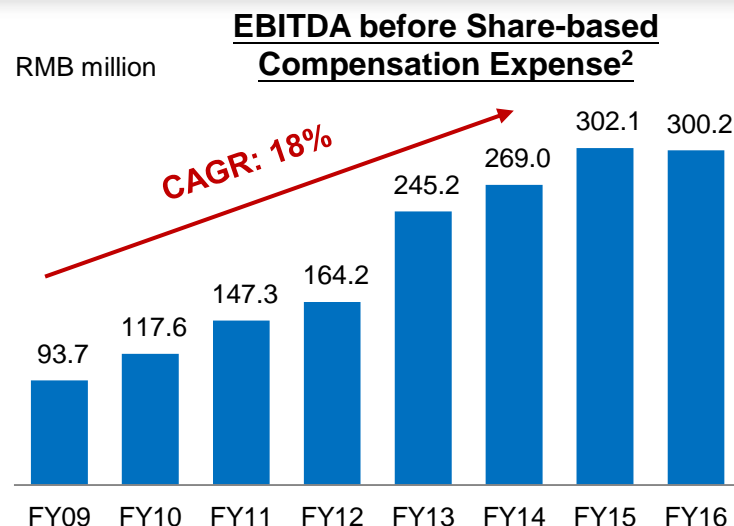
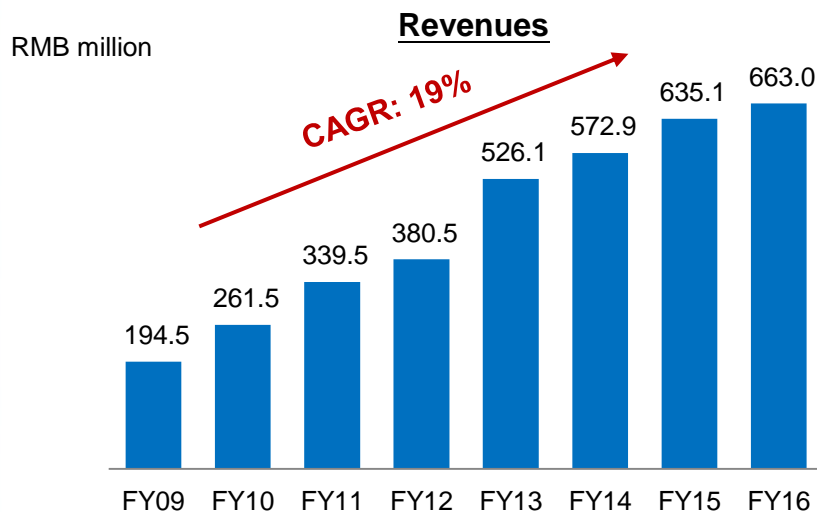
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2. Fiscal year ended March 31



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# Profitability & Cash flow



**Notes:**

1. Fiscal year ended March 31

2. Representing operating income before depreciation and amortization and share-based compensation expenses. See appendix for a reconciliation to U.S. GAAP amounts.

3. 7-Year CAGR between FY2009-FY2016



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# Recurring Revenue

- The recurring revenue model builds a solid payment structure for a steady stream of long-term revenue inflow

## Processing Fee

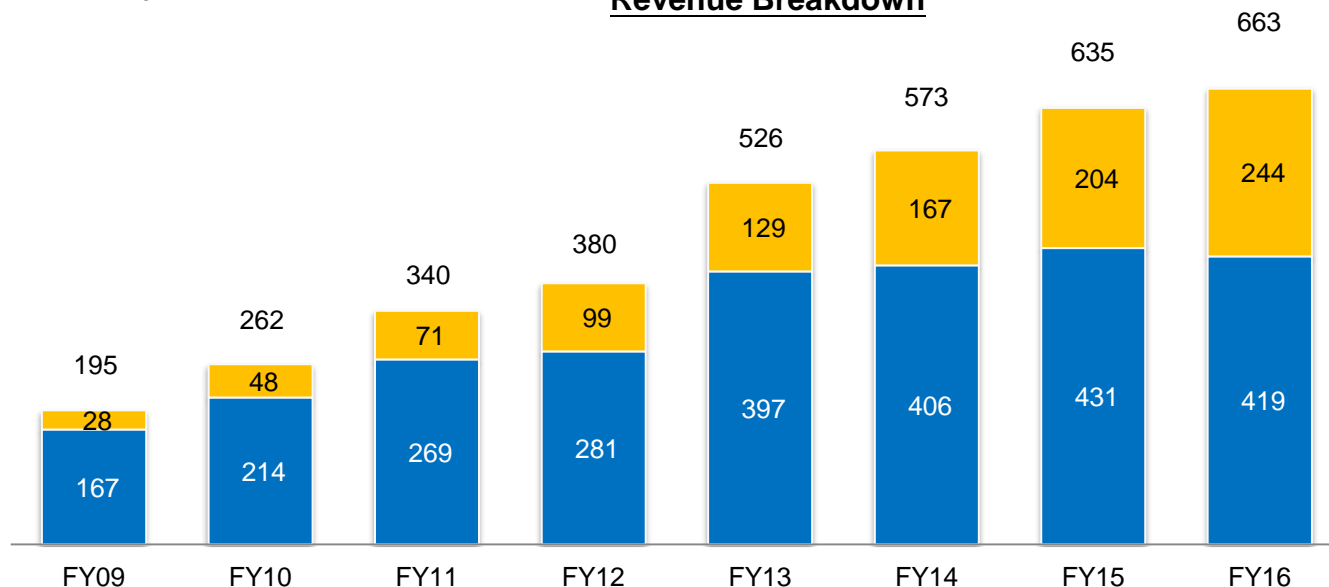
- Generation of substantial upfront cash flow
- Growth driven by increase in new subscriber numbers

## Storage Fee

- Annuity-like recurring storage fees
- Increasing storage fee revenue as subscriber base continues to grow
- Economy of scales, small incremental cost to store one additional sample

RMB million

### Revenue Breakdown



Storage Fee Revenue  
CAGR: 36%

Processing Fee Revenue  
CAGR: 14%

Note: Fiscal year ended March 31

# Appendix



# Experienced & Dedicated Management Team

## Extensive healthcare experiences & abilities to commercialize and expand our services

**Mr. Yuen Kam**  
*Chairman*

- Oversees the strategic direction of CCBC
- 20+ years of experience in China's healthcare industry

**Ms. Ting Zheng**  
*Chief Executive Officer and Director*

- Actively involved in establishment of cord blood banking operations since 2003
- 10+ years of experience in the field of corporate strategy in China's healthcare industry

**Mr. Albert Chen**  
*Chief Financial Officer and Director*

- 10+ years of experience in the pharmaceutical and healthcare industries
- CFA charter holder

**Ms. Yue Deng**  
*Chief Executive Officer – Beijing Division*

- 10+ years of managerial, sales and marketing experiences
- Worked in Guidant's Beijing representative office from 1995 to 2004
- Worked at NOX International Tianjin from 1993 to 1995

**Ms. Rui Arashiyama**  
*Chief Executive Officer – Guangdong and Zhejiang Divisions*

- 10+ years of sales and marketing experiences in China
- Worked at Nissan from 1989 to 1999, responsible for overseas market development including China, Hong Kong and Singapore

**Ms. Xin Xu**  
*Chief Technology Officer*

- 20+ years of solid experience in Cryobiology research
- Lectured Cryobiology at Beijing Medical University

**Seasoned  
Management Team  
with Extensive  
Experience**

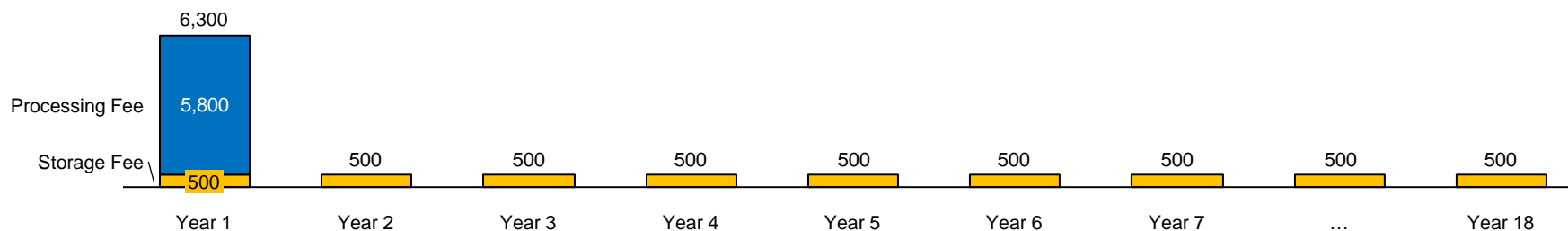
**In-depth Knowledge  
of the China  
Healthcare Services  
Sector**

**Successful Track  
Record on  
Acquisition and  
Commercialization**

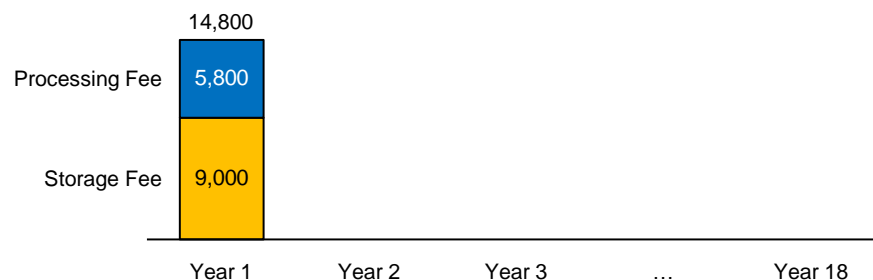


# Historical Payment Plan Before Pricing Adjustment

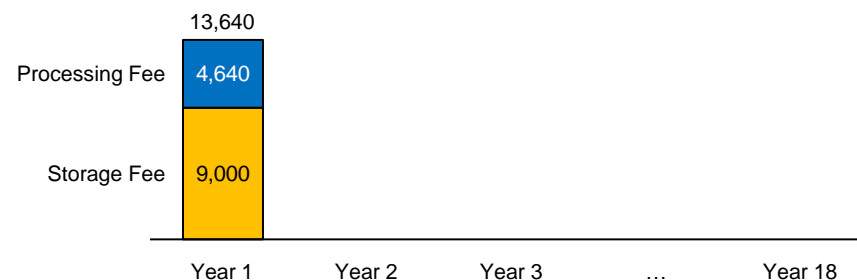
## Normal Payment Plan (BJ & GD)



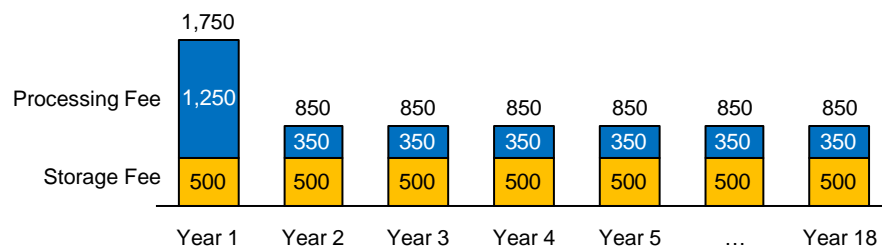
## Upfront Payment Plan (BJ)



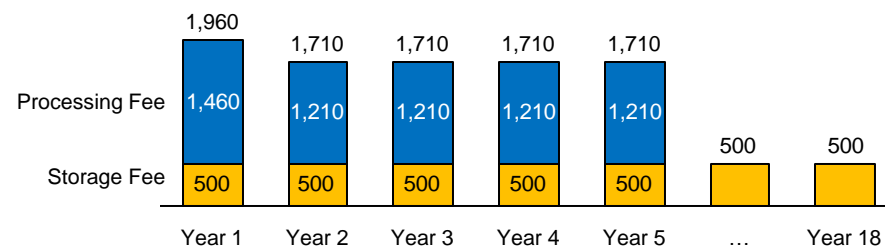
## Upfront Payment plan (GD)



## Installment Payment Plan (BJ)



## Installment Payment plan (GD)



Notes: Fiscal year end March 31; all figures in RMB

# Income Statement (U.S. GAAP)

## Summary of Income Statement

(In thousands)	Three months ended Sep 30,			Six months ended Sep 30,		
	2015	2016	2016	2015	2016	2016
	RMB	RMB	US\$	RMB	RMB	US\$
<b>Revenues</b>	<b>171,484</b>	<b>184,140</b>	<b>27,613</b>	<b>336,847</b>	<b>357,092</b>	<b>53,549</b>
<b>Gross profit</b>	<b>134,244</b>	<b>145,052</b>	<b>21,751</b>	<b>263,034</b>	<b>280,571</b>	<b>42,074</b>
Research and development	(2,153)	(2,377)	(356)	(4,087)	(4,326)	(649)
Sales and marketing	(36,966)	(39,642)	(5,945)	(74,175)	(77,834)	(11,672)
General and administrative	(42,647)	(48,289)	(7,241)	(83,867)	(91,532)	(13,726)
<b>Operating income</b>	<b>52,478</b>	<b>54,744</b>	<b>8,209</b>	<b>100,905</b>	<b>106,879</b>	<b>16,027</b>
Interest expense	(26,301)	(29,801)	(4,469)	(52,184)	(58,634)	(8,793)
Total other expense, net	(20,735)	(24,802)	(3,719)	(40,680)	(49,071)	(7,359)
Income tax expense	(12,785)	(12,639)	(1,895)	(27,774)	(24,315)	(3,646)
<b>Net income ex. CB interests</b>	<b>44,906</b>	<b>46,478</b>	<b>6,970</b>	<b>83,185</b>	<b>90,659</b>	<b>13,594</b>
<b>Net income attributable to</b>						
<b>the Company's shareholders</b>	<b>18,723</b>	<b>16,641</b>	<b>2,496</b>	<b>32,274</b>	<b>32,363</b>	<b>4,853</b>
Depreciation and amortization	(12,575)	(12,563)	(1,884)	(24,903)	(25,147)	(3,771)
Share-based compensation expense	(14,627)	(15,546)	(2,331)	(28,720)	(30,605)	(4,589)

Notes:

1. Only show key line items
2. Financials of Shandong cord blood bank and Cordlife Group Limited are not consolidated

# Balance Sheet (U.S. GAAP)

## Selected Balance Sheet Items

(In thousands)	March 31, 2016	September 30, 2016	
	RMB	RMB	US\$
Cash and cash equivalents	3,008,422	3,142,647	471,267
Total current assets	3,199,861	3,318,672	497,662
Property, plant and equipment, net	574,567	561,832	84,252
Total assets	4,687,927	4,850,711	727,406
Bank loan	60,000	-	-
Current convertible note, net	-	553,395	82,986
Current deferred revenue	257,692	292,689	43,891
Total current liabilities	468,323	950,575	142,546
Non-current convertible note, net	906,222	414,492	62,157
Non-current deferred revenue	1,321,239	1,433,150	214,913
Total liabilities	2,974,502	3,098,282	464,613
Total shareholders' equity	1,709,253	1,747,156	262,002
Working capital <sup>1</sup>	2,731,538	2,368,097	355,116

**Notes:**

1. Current assets less current liabilities
2. Only show key line items
3. Fiscal year ended March 31

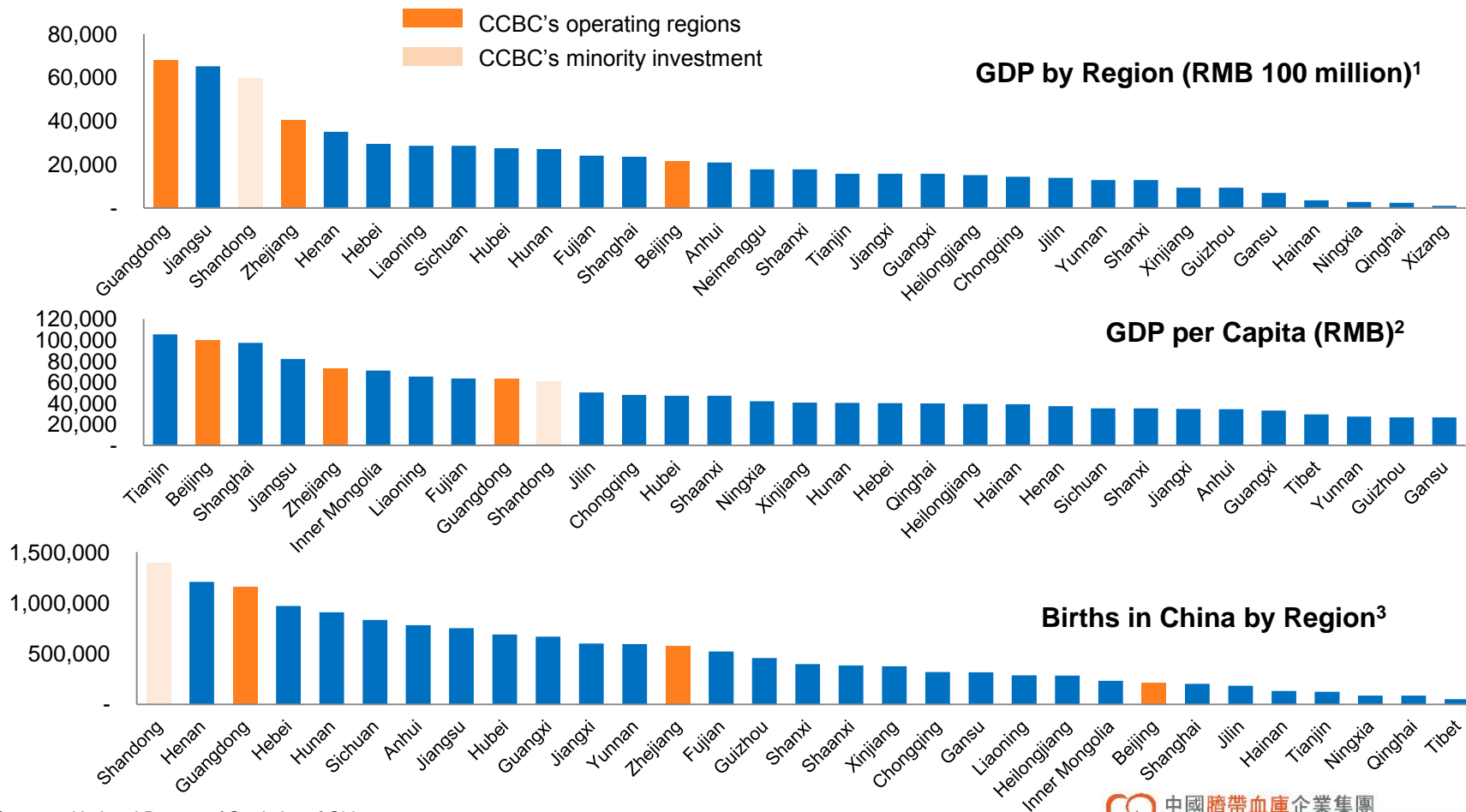
# Latest Quarterly Financials

	Q3	Q4	Q1	Q2	FY	FY
	2016	2016	2017	2017	2015	2016
<i>(In thousands RMB)</i>						
<b>Revenues</b>	<b>169,374</b>	<b>156,778</b>	<b>172,952</b>	<b>184,140</b>	<b>635,122</b>	<b>662,999</b>
<b>Gross Profit</b>	<b>133,183</b>	<b>122,184</b>	<b>135,519</b>	<b>145,052</b>	<b>504,511</b>	<b>518,401</b>
<i>Gross Margin %</i>	<i>78.60%</i>	<i>77.90%</i>	<i>78.36%</i>	<i>78.77%</i>	<i>79.40%</i>	<i>78.20%</i>
<b>Operating Income</b>	<b>50,754</b>	<b>39,671</b>	<b>52,135</b>	<b>54,744</b>	<b>234,996</b>	<b>191,330</b>
<i>Operating Margin %</i>	<i>30.00%</i>	<i>25.30%</i>	<i>30.14%</i>	<i>29.73%</i>	<i>37.00%</i>	<i>28.90%</i>
<b>Depreciation &amp; Amortization</b>	<b>12,865</b>	<b>12,398</b>	<b>12,584</b>	<b>12,563</b>	<b>50,609</b>	<b>50,166</b>
<b>Share-based Compensation Expense</b>	<b>14,914</b>	<b>15,050</b>	<b>15,059</b>	<b>15,546</b>	<b>16,535</b>	<b>58,684</b>
<b>Cash &amp; Cash Equivalents</b>	<b>2,873,740</b>	<b>3,008,422</b>	<b>3,070,419</b>	<b>3,142,647</b>	<b>2,436,655</b>	<b>3,008,422</b>
<b>Total Debt</b>	<b>958,577</b>	<b>966,222</b>	<b>1,008,208</b>	<b>967,887</b>	<b>868,049</b>	<b>966,222</b>
<b>Net Cash</b>	<b>1,915,163</b>	<b>2,042,200</b>	<b>2,062,211</b>	<b>2,174,760</b>	<b>1,568,606</b>	<b>2,042,200</b>
<b>Net Assets</b>	<b>1,698,038</b>	<b>1,713,425</b>	<b>1,731,477</b>	<b>1,752,429</b>	<b>1,543,213</b>	<b>1,713,425</b>
<b>Operating Cash Flow</b>	<b>143,491</b>	<b>138,874</b>	<b>131,014</b>	<b>136,277</b>	<b>594,866</b>	<b>580,997</b>

Note: Fiscal year ended March 31

# Economics of CCBC's Licensed Regions

- CCBC operates in **Beijing, Guangdong and Zhejiang**, and has exposure to **Shandong** province through a minority investment
- These are some of the **wealthiest regions** in China with high population density and abundant hospital resources, with significant market potential for cord blood banking



Sources: National Bureau of Statistics of China

(1) & (2) 2015 data

(3) 2014 data



# Diseases Treatable with Cord Blood Stem Cells

## Cancers

- Acute lymphoblastic leukemia (ALL)
- Acute myeloid leukemia (AML)
- Burkitt's lymphoma
- Chronic myeloid leukemia (CML)
- Juvenile myelomonocytic leukemia (JMML)
- Non-Hodgkin's lymphoma
- Hodgkin's lymphoma
- Lymphomatoid granulomatosis
- Myelodysplastic syndrome (MDS)
- Chronic myelomonocytic leukemia (CMML)

## Bone Marrow Failure Syndrome

- Amegakaryocytic thrombocytopenia
- Autoimmune neutropenia (severe)
- Congenital dyserythropoietic anemia
- Cyclic neutropenia
- Diamond-Blackfan anemia
- Evan's syndrome
- Fanconi anemia
- Glanzmann's disease
- Juvenile dermatomyositis
- Kostmann's syndrome
- Red cell aplasia
- Shwachman syndrome
- Severe aplastic anemia
- Congenital sideroblastic anemia
- Thrombocytopenia with absent radius (TAR)
- Dyskeratosis congenita

## Blood Disorders

- Sickle-cell anemia (hemoglobin SS)
- HbSC disease
- Sickle  $\beta$ o Thalassemia
- $\alpha$ -thalassemia major (hydrops fetalis)
- $\beta$ -thalassemia major (Cooley's anemia)
- $\beta$ -thalassemia intermedia
- E- $\beta$ o thalassemia
- E- $\beta$ + thalassemia

## Metabolic Disorders

- Adrenoleukodystrophy Gaucher's disease (infantile)
- Metachromatic leukodystrophy
- Krabbe disease (globoid cell leukodystrophy)
- Gunther disease
- Hermansky-Pudlak syndrome
- Hurler syndrome
- Hurler-Scheie syndrome
- Hunter syndrome
- Sanfilippo syndrome
- Maroteaux-Lamy syndrome
- Mucopolidosis Type II, III
- Alpha mannosidosis
- Niemann Pick Syndrome, type A and B
- Sandhoff Syndrome
- Tay-Sachs Disease
- Lesch-Nyhan disease

## Immuno-deficiencies

- Ataxia telangiectasia
- Chronic granulomatous disease
- DiGeorge syndrome
- IKK gamma deficiency
- Immune dysregulation polyendocrineopathy
- X-linked Mucopolidosis, Type II
- Myelokathexis X-linked immunodeficiency
- Severe combined immunodeficiency
- Adenosine deaminase deficiency
- Wiskott-Aldrich syndrome
- X-linked agammaglobulinemia
- X-linked lymphoproliferative disease
- Omenn's syndrome
- Reticular dysplasia
- Thymic dysplasia
- Leukocyte adhesion deficiency

## Other

- Osteopetrosis
- Langerhans cell histiocytosis
- Hemophagocytic lymphohistiocytosis

## In Clinical Trial

- |                          |                 |                         |
|--------------------------|-----------------|-------------------------|
| • Autism                 | • Lung injury   | • Heart repair          |
| • Cerebral palsy         | • Stroke        | • Bone repair           |
| • Pediatric stroke       | • Parkinson's   | • Wound healing         |
| • Traumatic brain injury | • Alzheimer's   | • Rheumatoid arthritis  |
| • Spinal cord injury     | • Liver disease | • Cataracts & Blindness |

# Regulation G Compliance

## About Non-GAAP Financial Measures

The Company makes reference to non-GAAP financial measures, as supplemental measures to review and assess our operating performance: EBITDA before Share-based Compensation Expense, EBITDA before Share-based Compensation Expense Margin, Net Income ex. CB Interests. The presentation of these non-GAAP financial measures is not intended to be considered in isolation or as a substitute for the financial information prepared and presented in accordance with GAAP. We define (1) EBITDA before Share-based Compensation Expense as Operating Income before Depreciation and Amortization and Share-based Compensation Expense, (2) EBITDA before Share-based Compensation Expense Margin as EBITDA before Share-based Compensation Expense divided by Revenues, (3) Net Income ex. CB Interests as Net Income plus CB Interests. We use EBITDA before Share-based Compensation Expense, EBITDA before Share-based Compensation Expense Margin, Net Income ex. CB Interests as measures of operating performance to assist in comparing performance from period to period on a consistent basis, as measured for planning and forecasting overall expectations and for evaluating actual results against such expectations and as performance evaluation metrics, including as part of assessing and administering our executive and employee incentive compensation programs. We believe that the use of these non-GAAP measures facilitates investors' assessment of our operating performance from period to period and from company to company by backing out potential differences caused by variations in items such as capital structures (affecting relative finance or interest expenses), the book value of intangibles (affecting relative amortization expenses), the age and book value of property and equipment (affecting relative depreciation expenses) and other non-cash expenses (affecting one-time transition charges). We also present these non-GAAP measures because we believe these non-GAAP measures are frequently used by securities analysts, investors and other interested parties as measures of the financial performance of companies in our industry.

These non-GAAP financial measures are not defined under U.S. GAAP and are not presented in accordance with U.S. GAAP. These non-GAAP financial measures have limitations as analytical tools, and when assessing our operating performance, investors should not consider them in isolation, or as a substitute for profit (loss) or other consolidated statements of operation data prepared in accordance with U.S. GAAP. Some of these limitations include, but not limited to:

- they do not reflect our cash expenditures or future requirements for capital expenditures or contractual commitments;
- they do not reflect changes in, or cash requirements for, our working capital needs;
- they do not reflect the finance or interest expenses, or the cash requirements necessary to service interest or principal payments, on our debt;
- they do not reflect income taxes or the cash requirements for any tax payments;
- although depreciation and amortization are non-cash charges, the assets being depreciated and amortized often will have to be replaced in the future, and adjusted net profit, EBITDA before Share-based Compensation Expense, EBITDA before Share-based Compensation Expense Margin do not reflect any cash requirements for such replacements; and
- other companies may calculate EBITDA before Share-based Compensation Expense, EBITDA before Share-based Compensation Expense Margin, Net Income ex. CB Interests differently than we do, limiting the usefulness of these non-GAAP measures as comparative measures.

We compensate for these limitations by relying primarily on our U.S. GAAP results and EBITDA before Share-based Compensation Expense, EBITDA before Share-based Compensation Expense Margin, Net Income ex. CB Interests only as supplemental measures.

# Regulation G Compliance (Continued)

These non-GAAP measures are calculated as follows for the periods presented:

<i>In RMB'000</i>	FY2009	FY2010	FY2011	FY2012	FY2013 <sup>4</sup>	FY2014	FY2015	FY2016
<b>Revenue</b>	<b>194,537</b>	<b>261,536</b>	<b>339,532</b>	<b>380,490</b>	<b>526,123</b>	<b>572,857</b>	<b>635,122</b>	<b>662,999</b>
<b>Opearting Income</b>	<b>85,197</b>	<b>97,193</b>	<b>123,819</b>	<b>134,843</b>	<b>209,314</b>	<b>231,926</b>	<b>234,996</b>	<b>191,330</b>
<b>Depreciation &amp; Amortization</b>	<b>8,546</b>	<b>20,431</b>	<b>23,475</b>	<b>29,357</b>	<b>35,874</b>	<b>37,065</b>	<b>50,609</b>	<b>50,166</b>
<b>Share-based Compensation Expense</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>16,535</b>	<b>58,684</b>
<b>EBITDA before Share-based Compensation Expense<sup>1</sup></b>	<b>93,743</b>	<b>117,624</b>	<b>147,294</b>	<b>164,200</b>	<b>245,188</b>	<b>268,991</b>	<b>302,140</b>	<b>300,180</b>
<b>EBITDA before Share-based Compensation Expense Margin<sup>2</sup></b>	<b>48.2%</b>	<b>45.0%</b>	<b>43.4%</b>	<b>43.2%</b>	<b>46.6%</b>	<b>47.0%</b>	<b>47.6%</b>	<b>45.3%</b>
<b>Net Income</b>	<b>24,445</b>	<b>54,893</b>	<b>98,213</b>	<b>141,965</b>	<b>119,642</b>	<b>132,526</b>	<b>107,793</b>	<b>91,333</b>
<b>CB Interests</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>66,575</b>	<b>67,257</b>	<b>96,840</b>	<b>104,918</b>
<b>Net Income ex. CB Interests<sup>3</sup></b>	<b>24,445</b>	<b>54,893</b>	<b>98,213</b>	<b>141,965</b>	<b>186,217</b>	<b>199,783</b>	<b>204,633</b>	<b>196,251</b>
<b>Cash and Cash Equivalents</b>	<b>161,406</b>	<b>280,835</b>	<b>611,387</b>	<b>794,311</b>	<b>1,494,099</b>	<b>1,882,901</b>	<b>2,436,655</b>	<b>3,008,422</b>

Notes:

1. EBITDA before Share-based Compensation Expense= Operating Income before Depreciation & Amortization and Share-based Compensation Expenses

2. EBITDA before Share-based Compensation Expense Margin = Operating Income before Depreciation & Amortization and Share-based Compensation Expenses divided by Revenues

3. Net Income ex. CB Interests = Net Income plus CB Interests

4. Year of the Dragon

5. Sources of the figures in the table: CCBC's annual reports

6. Fiscal year ended March 31

## Summary and Q&A



**THANK YOU**