

Cordlife Limited

ACN 108 051 529

Notice of General Meeting

To be held on **9 July 2010** simultaneously via video conference at the offices of:

- ▶ Middletons, Level 25, 525 Collins Street, Melbourne, Victoria at 11.30am (Melbourne time)
- ▶ Cordlife, 61 Science Park Road, #05-16/17/18, The Galen, Singapore Science Park II, Singapore 117525 at 9.30am (Singapore time)

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Cordlife Limited
ACN 108 051 529

Notice of General Meeting

Notice is given that a general meeting of the members of Cordlife Limited (**Company**) will be held on **9 July 2010** for the purpose of considering and, if thought appropriate, passing the following resolution.

Appointment of China Stem Cells (East) Company Limited as underwriter to Rights Issue

To consider and if thought fit, pass the following resolution as an ordinary resolution:

“That for the purposes of Chapter 2E of the Corporations Act 2001 (Cth) and for all other purposes, approval is granted for:

- (a) the entry into an underwriting agreement by the Company with China Stem Cells (East) Company Limited (**Underwriter**) an associate (as defined in the *Corporations Act 2001*) of Mr Kam and Mr Kong who are existing Cordlife Directors and the provision of all financial benefits to the Underwriter in accordance with the underwriting agreement;
- (b) the appointment of the Underwriter to act as the underwriter of the Company's announced 1 for 3 renounceable rights issue at an issue price of 32 cents per share (**Rights Issue**); and
- (c) the issue by the Company of shares to Underwriter or its nominee pursuant to the underwriting agreement in respect of any shortfall under the Rights Issue,

in each case on the terms outlined in the attached Explanatory Memorandum.”

By order of the Board:



.....
Mr Andrew Lord
Company Secretary
4 June 2010

Cordlife Limited

ACN 108 051 529

Explanatory Notes

These explanatory notes have been prepared to provide members with sufficient information to assess the merits of the resolution contained in the accompanying notice of general meeting to be held **9 July 2010** at the offices of –

- ▶ Middletons, Level 25, 525 Collins Street, Melbourne, Victoria at 11.30am (Melbourne time)
- ▶ Cordlife, 61 Science Park Road, #05-16/17/18, The Galen, Singapore Science Park II, Singapore 117525 at 9.30am (Singapore time)

Business

1. Background

Cordlife Limited (**Cordlife**) has announced an offer to Cordlife shareholders of a 1 for 3 renounceable rights issue (**Rights Issue**) to raise in aggregate up to approximately AUD\$11.62 million (**Underwritten Amount**). Cordlife shares are to be offered under the Rights Issue at an issue price of 32 cents per share. This is at a substantial discount to the closing bid price for Cordlife shares on 2 June 2010 of 43.5 cents per share.

China Stem Cells (East) Company Limited (a company incorporated in the British Virgin Islands) (**Underwriter**) is associated (as defined in the *Corporations Act 2001*) with Mr Yuen Kam (who is Chairman of the Board of Directors of Cordlife) and also Mr Samuel Kong (who is a non executive director of Cordlife). The Company and the Underwriter have entered into a conditional underwriting agreement (**Underwriting Agreement**) with Cordlife pursuant to which the Underwriter has agreed to subscribe for any shortfall under the Rights Issue (**Underwriting**). A summary of some of the key terms of the Underwriting Agreement is outlined in Annexure A.

The Underwriting Agreement is conditional on Cordlife shareholder approval which is the subject of this Notice of Meeting. If Cordlife shareholders do not approve the Underwriting Agreement, Cordlife intends to continue with the Rights Issue but it will not be underwritten.

The Underwriter currently holds approximately **16.03%** of the issued share capital of Cordlife. While the Cordlife Board can not forecast the level of subscription under the Rights Issue, if none of the shareholders take up their entitlements under the Rights Issue, then the Underwriter aggregate shareholding in Cordlife would increase to a maximum of **37.02%**.

The Board has commissioned an independent expert report by Pitcher Partners to assist shareholders in their consideration as to whether to approve the underwriting of the Rights Issue by the Underwriter. A copy of the independent expert report is attached as Annexure B. Shareholders are referred further to sections 6.2(e) and 6.3 below and should in any case read that report in full.

2. Overview of the Rights Issue

Cordlife is seeking to raise additional capital via a renounceable Rights Issue to current eligible shareholders on the basis of one new share for each existing three shares held as at the record date of 15 June 2010.

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The structure of the renounceable Rights Issue has been designed to provide the opportunity to existing Cordlife shareholders to benefit from participating in the Rights Issue at an issue price discounted to recent market trading or by selling in the market their rights/entitlement to additional Cordlife shares under the Rights Issue (hence the Rights Offer being 'renounceable').

The offer price under the Rights Issue is 32 cents per share. The closing share price of Cordlife shares on 2 June 2010 was 43.5 cents. The Board believe the Rights Issue is priced at an attractive price to existing shareholders compared to the recent trading price for Cordlife shares on the Australian Securities Exchange.

The Board is concerned with the existing market liquidity for Cordlife shares and is reviewing alternatives to assist an increase in liquidity. While dealing in entitlements by shareholders under the Rights Issue may to a degree increase liquidity if new shareholders obtain Cordlife shares (as a consequence of the taking up existing shareholder entitlements), however the Underwriting itself will not increase liquidity. Alternatives to increasing liquidity or generating value to existing shareholders could include seeking a dual listing on another exchange, seeking privatisation or further acquisitions. At this time the Company is continuing to seek to grow shareholder value by strategic acquisitions and expansion into new business markets (including India and the Philippines).

3. Regulatory Requirements relating to the Resolution

Under the Corporations Act 2001 Cth (**Corporations Act**), the provision of any financial benefit (which can include the issue of securities / shares) to a related party requires prior shareholder approval in accordance with the procedure set out in Part 2E.1 of the Corporations Act. The operation of Part 2E.1 extends to or encompasses the issuance of shares to a related party and the payment of any commission to a related party.

A "related party" (as defined in the Corporations Act) includes directors of the company and their associated entities.

As the Underwriter is an entity associated with Mr Kam and Mr Kong, the Underwriter is therefore classified as a related party of Cordlife. Accordingly, the Cordlife Board is seeking shareholder approval of the Underwriting by the Underwriter of the Rights Issue.

3.1 Advantages and disadvantages of the underwriting of the Rights Issue

Advantages

The Board believes that the Underwriting of the Rights Issue will provide existing shareholders with the opportunity to take up further shares under the Rights Issue at the issue price of 32 per share but at the same time, as the amount to be raised under the Rights Issue is underwritten, it will guarantee to the Company that even in the event of a shortfall under the Rights Issue, the maximum amount will be raised as a result of the Underwriting.

The proceeds of the capital raising (of \$11.62 million) when added to current cash reserves (of \$7.86 million as at 31 March 2010) will allow Cordlife to support in part its current operations and business development activities. As announced to the market Cordlife has recently secured two major acquisitions. The funding under the Rights Issue will in part be used in respect of those acquisitions—

- (a) Payment for the acquisition of the remaining 49% stake in Cordlife (Hong Kong) Limited;

- (b) Remaining payment for the acquisition of a 10% investment (as announced by the Company on 30 November 2009) in an entity that owns 100% of Municipality Tianhe Nuoya bio-engineering Co. Ltd, the sole licensed cord blood banking operator in Guangdong province; and
- (c) General working capital purposes, including for new market development such as India and the Philippines.

Disadvantages

It is possible that in aggregate the interest in Cordlife shares of the Underwriter could increase above the current level of 16.03% to a maximum of 37.02% (where no other Cordlife shareholders or other persons participate in or take up their entitlements under the Rights Offer). Please see section 5.2 for further details on the possible effect on “relevant interest” of the Underwriter in Cordlife shares.

Ordinarily, unless the acquisition of shares comes within certain limited exceptions in Chapter 6 of the Australian Corporations Act, a person can only increase their relevant interest in a listed company to above 20% where they make a formal takeover offer for the company. The issue of shares under an underwriting agreement is an exemption to this requirement to make a takeover offer. Accordingly by approving the Underwriting (and as a consequence the potential issue to the Underwriter of shares on a shortfall under the Rights Issue), shareholders would not get the opportunity to participate in any control premium that the Underwriter may otherwise have to offer if they lodged a formal takeover offer to increase their shareholding above 20%.

Shareholders should also note that in the event that the Underwriter increases its shareholding via the placement of any shortfall to the Underwriter pursuant to the terms of the Underwriting Agreement, then there may be a concentration of ordinary shares among Cordlife’ major shareholders and a possible consequential further reduction in market liquidity on the Australian Securities Exchange for Cordlife shares. While the Board does not view any decrease in potential liquidity in Cordlife shares as desirable, it has balanced this consideration against the certainty of raising the necessary capital for the continued business acquisitions and expansion.

4. Impact of the Rights Issue on Share Capital

4.1 Increase in share capital

The number of Cordlife fully paid ordinary shares which may be issued in aggregate under the Rights Issue to all shareholders (including the Underwriter) is 36,316,088 fully paid ordinary Cordlife shares subject to rounding and the exercise of any existing unlisted options (currently there are on issue 334,990 options).

4.2 Share capital structure

The following table details the Company’s existing ordinary fully paid share capital and details of the change in the fully paid ordinary share capital following the completion of the Rights Issue.

Category		Maximum \$11.62 million raised
Currently Issued Shares	Number	108,948,263
	Percent	75%
New Shares Under Rights Issue	Number	36,316,088
	Percent	25%
Total	Number	145,264,351
	Percent	100%

*Note: The above table does not provide for the impact of the exercise of any of the existing options that have been granted by the Company. There are currently 334,990 options which have been granted with \$nil exercise prices.

5. Conditional underwriting by China Stem Cells (East) Company Limited

5.1 China Stem Cells (East) Company Limited – underwriting agreement

The conditional Underwriting Agreement entered into by Cordlife and the Underwriter contains common termination events. As indicated above, an outline of some of the key terms of the Underwriting Agreement is contained in Annexure A.

Subject to Cordlife shareholder approval, the Company would pay to the Underwriter a commission for underwriting the Rights Issue of 5% of the amount raised.

In addition, the Underwriting Agreement provides that the Underwriter will be reimbursed for any reasonable legal costs and disbursements incurred by the Underwriter in connection with the Rights Issue, the underwriting, the preparation of the underwriting agreement and any and all collateral documents pertaining to the underwriting. The Underwriter cannot sub-underwrite all or any part of a shortfall under the Rights Issue.

A copy of the Underwriting Agreement is available for inspection free of charge during business hours by members at the registered office of the Company, Level 2, 405 Little Bourke Street, Melbourne, from the date hereof until 19 July 2010.

5.2 Effect on “relevant interest” in Cordlife shares

The potential effect the underwriting of the Rights Issue will have on the relevant interest of the Underwriter will depend on the extent to which both Eligible Shareholders participate in the Rights Issue and also the extent of any take up of rights either renounced by shareholders or purchased in respect of foreign shareholders who are unable to participate due to regulatory restrictions in their country of residence.

The table below shows the range of effects on the Company’s issued fully paid ordinary share capital (current as at 17 May 2010) if all the shares offered under the Rights Issue are subscribed for by the Eligible Shareholders or if all of the shares offered under the Rights Issue are subscribed for by the Underwriter.

Shareholder	Existing % interest prior to the Rights Issue	Assuming 25% allotment to the Underwriter (where 75% subscriptions are made under the Rights Issue)	Assuming 50% allotment to the Underwriter (where 50% subscriptions are made under the Rights Issue)	Assuming 75% allotment to the Underwriter (where 25% subscriptions are made under the Rights Issue)	Assuming maximum allotment to the Underwriter (where no subscriptions are made under the Rights Issue)
The Underwriter	16.03%	23.31%	27.88%	32.45%	37.02%
All other shareholders	83.97%	76.69%	72.12%	67.55%	62.98%
	100%	100%	100%	100%	100%

5.3 Intentions of the Underwriter as a consequence of the allocation of any shortfall

The Underwriter has confirmed to Cordlife that even if the maximum commitment of \$11.62 million was subscribed by the Underwriter at 32 cents per share under the Underwriting Agreement, it is the current intention of the Underwriter that they would not use their increased share ownership position to change the composition of Cordlife board nor use its influence to change the Company's dividend policy, employment policies or any key operational matters.

At the Board level Mr Kam and Mr Kong (who are both non executive directors) have been supportive of the Company's current business development and expansion plans and under the Underwriting Agreement demonstrated their commitment and support of the Company (and its strategic plans).

The Underwriter has also confirmed that even if the maximum commitment of \$11.62 million was subscribed by the Underwriter, there would be no change to the business, employees or the strategic direction of the Company.

6. Regulatory Requirements in respect of the Resolution

6.1 The Resolution

The resolution which is the subject of the Notice of Meeting seeks Cordlife shareholder approval for the provision of a "financial benefit" under the conditional Underwriting Agreement by the Company with the Underwriter pursuant to Chapter 2E of the Corporations Act and for all other purposes.

6.2 Part 2E of the Corporations Act 2001 (Cth) – Related Party Transaction

The following information is provided in accordance with section 219 of the *Corporations Act 2001 (Cth)*:

- (a) The related party to whom the proposed resolution will permit a financial benefit to be given:

The Underwriter.

- (b) The nature of the financial benefit:

The issue to the Underwriter of that number of Cordlife shares (at an offer price of 32 cents per share) equal to the shortfall (if any) under the Rights Issue, but in any event up to a maximum underwriting of 36,316,088 fully paid ordinary Cordlife shares subject to rounding and the exercise of any existing unlisted options (currently there are on issue 334,990 options).

The payment to the Underwriter of a commission of 5% of the amount raised by the Company under the Rights Issue.

- (c) Recommendations by each of the Directors of the Company:

Each of the Cordlife Directors (other than Mr Kam and Mr Kong who both excluded themselves given their interest in the Underwriter) recommends the entry into the Underwriting Agreement and the provision of the relevant financial benefit to the Underwriter for the following key reasons

- (i) the underwritten price under the Underwriting Agreement is at a discount to recent market prices and may therefore reduce the amount of any shortfall under the Rights Issue which is placed with the Underwriter;
- (ii) the ability to raise a certain / guarantee amount of money via the Underwriting of the Rights Issue is of benefit to the Company in current volatile economic times; and
- (iii) the underwriting allows the Company to plan with a degree of certitude its future development programs (including those arising from the acquisitions outlined in section 3.1).

- (d) In relation to each such Director, their interests in the Resolution:

Apart from Mr Kam and Mr Kong (who have an interest through the Underwriter) none of the Cordlife Directors has any interest in the outcome of the Resolution.

- (e) All other information that would be required by members in order to decide whether or not it is in the Company's best interest to pass the Resolution:

The Company has commissioned an independent expert report from Pitcher Partners contained as annexure B to this Explanatory Memorandum. Pitcher Partners have opined that the entry into the Underwriting Agreement (and the provision of financial benefits to the Underwriter) is **fair and reasonable to the non associated shareholders**.

Except for the information in this Notice and Explanatory Memorandum, there is as at the date hereof no other information known to the Company or any of its Directors that would reasonably be required by members to decide whether or not it is in the Company's best interest to pass the Resolution. The Company continues to comply with its obligations to make disclosure to the market in accordance with the ASX Listing Rules.

6.3 Independent Expert's Report

In summary, the Independent Expert's Report states that

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- (a) in their opinion the fair market value of a share in the Company on a fully diluted control basis is in the range **between 29 cents and 36 cents**, and
- (b) that the entry into the Underwriting Agreement (and the provision of financial benefits to the Underwriter) is both **fair and reasonable** to the non associated shareholders.

The Independent Expert's Report identifies some likely advantages and disadvantages of the shareholders of the Company not associated with the Underwriter, including:

Advantages in the opinion of the Independent Expert:

- (c) *The Proposed Transaction is Fair.* An offer is considered reasonable if it is fair.
- (d) *Support current operations and business development activities:* The proceeds from the Proposed Transaction together with the current cash reserves will enable Cordlife to support in part its current operations and business development activities. Cordlife will utilise a portion of the funds to pay the balance of two recent acquisitions, details of which were discussed in earlier sections. The remaining funds will be utilised to fund working capital, new market developments and other acquisition opportunities the Company identifies.
- (e) *Potential increase in liquidity:* The Proposed Transaction may to some extent increase liquidity. The pricing of the Rights Issue is likely to result in the weighted average cost of a shareholders interest being reduced and therefore may result in a greater willingness to trade its holding.
- (f) *Renounceable issue benefits:* The structure of the renounceable Rights Issue provides shareholders with an opportunity to benefit from selling their rights/entitlement to additional Cordlife shares in the market.
- (g) *No more attractive alternative is currently available:* Cordlife has been exploring a range of strategic alternatives to ensure the Company can maximise its growth potential and add value to its shareholders. Cordlife had sought to obtain further funds through placements however in the current environment this has proved to be difficult. Other options explored were a dual listing on another exchange and seeking privatisation. At this time, Cordlife is continuing to seek to grow shareholder value by undertaking strategic acquisitions and expanding into new business markets. The Company believes that the most efficient and effective way to achieve this is by way of a rights issue to existing shareholders. Furthermore, no alternative offers have been made for the Company.

Disadvantages in the opinion of the Independent Expert:

- (a) *Dilution:* Completion of the Proposed Transaction is likely to significantly dilute the interests of existing non associated shareholders in Cordlife. Depending upon the subscription of shares under the Proposed Transaction by the non associated shareholders and assuming all vested options are exercised, the interest of Cordlife's non associated shareholders could decline from 83.97% to 62.98%.
- (b) *Control:* It is possible that in aggregate the interest in Cordlife shares of the Underwriter could increase above the current level of 16.03% to 37.02% where no other Cordlife shareholders or other persons participate in or take up their entitlements under the Rights Issue.
- (c) *Liquidity:* In the event that the Underwriter increases its shareholding via the placement of any shortfall, then there may be a concentration of ordinary shares among Cordlife's major shareholders which may result in a further reduction in market liquidity.

- (d) *Foreign Shareholders*: Certain foreign shareholders are ineligible to participate in the Rights Issue. This would result in a dilution of their shareholding, unless they acquire the equivalent number of shares on market.

6.4 Voting Exclusion Statement

The Company will disregard any votes cast in respect of this Resolution by:

- Mr Kam, or
- Mr Kong;
- the Underwriter, or
- any associate of Mr Kam, Mr Kong or the Underwriter.

However, the Company need not disregard a vote if:

- it is cast by a person as proxy for a person who is entitled to vote, in accordance with the directions on the proxy form; or
- it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the proxy form to vote as the proxy decides.

7. Timetable

The proposed timetable* for the Rights Issue is as follows:

Initial announcement of Rights Issue Offer, lodgement of Appendix 3B and s708AA notice.	4 June 2010
Dispatch notice to shareholders satisfying 3B requirements (including timetable)	4 June 2010
"Ex" Date (ie. date from which securities are quoted on an ex basis)	8 June 2010
Dispatch of Notice of Meeting (EGM to approve Underwriter)	8 June 2010
Record Date (ie. date for determining entitlement to participate in the Rights Issue Offer)	15 June 2010
Dispatch of Rights Issue Offer document and personalised Entitlement and Acceptance Form	18 June 2010
EGM for Company shareholders to consider approval of the [underwriter] underwriting of the Rights Issue	9 July 2010
Rights trading ends	12 July 2010
Deferred trading	13 July 2010
Closing Date	19 July 2010
Company notifies ASX of under subscriptions	22 July 2010
Allotment of shares under Rights Issue Offer and	26 July 2010

despatch of holding statements	
Trading of shares issued under Rights Issue and Offer expected to commence on ASX	27 July 2010

* Note: This timetable is indicative only and subject to change. The Company reserves the right to change the dates, including the Closing Date without prior notice, subject to the Listing Rules. Any extension of the Closing Date will have a consequential effect on the anticipated date for allotment and issue of the new shares.

8. Further information

As at the date of this Notice, the Cordlife Directors are not aware of any other information which is relevant to the consideration by members of the proposed resolution set out in the notice of the extraordinary general meeting.

The Cordlife Directors recommend members read these explanatory notes in full and, if desired, seek advice from their own independent financial or legal adviser as to the effect of the proposed resolutions before making any decision in relation to the proposed resolutions.

Annexure A – Outline of Underwriting Agreement

The Underwriting Agreement, which is conditional on Cordlife shareholder approval, provides for the Underwriter to take up any short fall under the Rights Issue subject to the terms of the Underwriting Agreement.

In consideration of entry into the Underwriting Agreement and agreeing to subscribe for any shares not taken up under the Rights Issue (that is the short fall), the Underwriter is to be paid a fee of 5% of the amount to be raised by the Company under the Rights Issue. Certain other "out of pocket" expenses as referred to in Underwriting Agreement are also payable.

The Company has also indemnified the Underwriter, its related bodies corporate and each of the directors, employees and agents thereof against any material claim, judgment, damage, loss, liability or expense (including legal costs) in connection with, or resulting from, the Rights Issue or a breach of any of the provisions of the Underwriting Agreement.

The Company has provided certain limited warranties to the Underwriter regarding, among other matters, compliance with laws, accuracy of all information disclosed to the Underwriter and that the Company is not subject to any litigation or threatened litigation.

The Underwriting Agreement includes a number of termination events which if occurred, permit the Underwriter to terminate its underwriting. Those events include, but are not limited to the following:

- (a) **(Criminal Offence)** Any director, Chief Executive Officer, Chief Financial Officer or general manager of the Company is charged with an indictable offence relating to a financial or corporate matter.
- (b) **(Withdrawal of Offer Document)** The offer document is withdrawn by the Company at any time prior to all the Securities having been allotted.
- (c) **(Breach)** The Company defaults under any provision of the Underwriting Agreement and that default is, materially adverse to the Company, including a material breach of any representation, warranty or undertaking and that default or breach is either incapable or remedy or is not remedied within 10 Business Days of it occurring.
- (d) **(Repayment of application moneys)** The Company is obliged by law to repay any moneys received from any applicant and fails to do so within a time the Underwriter determines is reasonable.
- (e) **(Capital structure alteration)** The Company alters its capital structure from the structure as at the date of this Agreement without the prior written consent of the Underwriter, which consent shall not be unreasonably withheld.
- (f) **(Breach of contracts)** If a material contract is, without the prior written consent of the Underwriter:
 - (i) breached by the Company;
 - (ii) terminated (whether by breach or otherwise); or
 - (iii) found to be void.
- (g) **(Timetable)** There is a delay in any date specified in the proposed timetable which is greater than 21 Business Days.

- (h) **(Financial assistance)** The Company takes any steps to pass any resolution under section 260B of the Corporations Act without the prior written consent of the Underwriter, which consent shall not be unreasonably withheld.
- (i) **(Business)** The Company disposes or agrees to dispose of, the whole of its business or property; ceases or threatens to carry on business;
- (j) **(ASIC Prosecution)** ASIC gives notice of an intention to prosecute the Company or any director or employee of the Company (unless it effectively withdraws that intention in writing on or before the Closing Date).
- (k) **(No quotation)** The ASX makes any official statement to the Company or the Underwriter that the Shares of the Company are to be suspended or removed from the Official List of the ASX due to the default of the Company.
- (l) **(Legislation)** Any legislation or announcement by a Government authority which has materially altered adversely or could reasonably be expected to materially alter adversely, or
- (m) **(Insolvency Event)** An Insolvency Event occurs with respect to the Company.

If the Underwriter terminates the Underwriting Agreement, the Company is not obliged to pay the underwriting commission but remains liable to reimburse the Underwriter for any out of pocket fees expenses and charges incurred by the Underwriter in connection with the Underwriting Agreement or offer under the Rights Issue.

Annexure B - Independent Expert Report

See attached

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PITCHER PARTNERS
CORPORATE PTY LTD

Cordlife Limited

Independent Expert Report

21 May 2010

Pitcher the difference



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PITCHER PARTNERS

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Ref: PM:wt

21 May 2010

PRIVATE AND CONFIDENTIAL

The Independent Directors
Cordlife Limited
Level 2, 405 Little Bourke Street
MELBOURNE VIC 3000

Dear Sirs

INDEPENDENT EXPERT REPORT

INTRODUCTION

Pitcher Partners Corporate Pty Ltd (Pitcher Partners Corporate) has been requested by the Independent Directors of Cordlife Limited (Cordlife or the Company) to prepare an independent expert report in respect to the proposed rights issue (Rights Issue) to be underwritten by China Stem Cells (East) Company Limited (the Underwriter), an existing shareholder of Cordlife (the Proposed Transaction).

The Underwriter currently holds approximately 16.03% of the issued share capital of Cordlife. In the event that the Rights Issue is fully subscribed, the interest held by the Underwriter would remain at 16.03%. If none of the shareholders were to take up the Rights Issue, the interest of the Underwriter would increase from 16.03% to 37.02%.

PURPOSE OF REPORT

Under the Corporations Act 2001 (Corporations Act), the provision of any financial benefit which includes the issue of shares to a related party requires prior shareholder approval in accordance with the procedure set out in Part 2E.1. The operation of Part 2E.1 extends to or encompasses the issue of shares to a related party and the payment of any commission to a related party. As the Underwriter is an associate of a director of Cordlife for the purpose of the Corporations Act, the Underwriter is therefore classified as a related party. Accordingly, the Cordlife Board is seeking shareholder approval of the underwriting by the Underwriter.

Furthermore, the Proposed Transaction may result in the Underwriter increasing its interest in Cordlife to above 20% of the issued shares. Generally, pursuant to item 7 of Section 611 of the Corporations Act, prior approval is required by shareholders where the issue of shares would increase the holding to greater than or equal to 20% of the issued capital. In seeking shareholder approval, the company

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would provide shareholders with a report from an independent expert advising whether the issue of shares was considered fair and reasonable to the non associated shareholders. The issue of shares pursuant to an underwriting agreement is however specifically excluded from this requirement. Notwithstanding, the Independent Directors of Cordlife have engaged Pitcher Partners Corporate as an independent expert to prepare a report expressing our opinion as to whether the Proposed Transaction as a whole is fair and reasonable to the non-associated shareholders.

This report is to be included in the Explanatory Memorandum to be sent to all shareholders and has been prepared for the exclusive purpose of assisting the non-associated shareholders in their consideration of the Proposed Transaction.

The report will not be quoted or referred to or utilised for any other purpose unless written consent has been provided by Pitcher Partners Corporate.

SOURCES OF INFORMATION

Appendix 2 to this report sets out details of information referred to and relied upon by Pitcher Partners Corporate during the course of preparing this report and forming our opinion.

OPINION

In our opinion, the Proposed Transaction is fair and reasonable to the non associated shareholders.

In order to assess whether the Proposed Transaction is fair, we had regard to the requirements of Regulatory Guide 111 issued by the Australian Securities and Investments Commission (ASIC) and:

- estimated the fair market value of a Cordlife share on a fully diluted control basis and compared that to the price of 32 cents set pursuant to the proposed Rights Issue and the underwriting agreement; and
- considered the effect of the costs to be incurred under the terms of the underwriting agreement.

In our opinion the fair market value of a Cordlife share on a fully diluted control basis is in the range of 29 cents to 36 cents. The consideration payable by the Underwriter for each share it acquires pursuant to underwriting any shortfall is 32 cents per share.

The Underwriter will be paid a fee of approximately \$0.6 million for underwriting the proposed Rights Issue and for the reimbursement of reasonable costs. These costs represent approximately 5% of the funds raised and in our opinion reflect commercial rates.

As the consideration payable by the Underwriter is in between the value range derived by Pitcher Partners Corporate for an ordinary share, and the costs paid to the Underwriter are at commercial rates, in our opinion the Proposed Transaction as a whole is fair.

Regulatory Guide 111 also states that an offer is reasonable if it is fair. It might also be reasonable if despite not being fair, the expert believes that there are sufficient reasons for security holders to accept the offer in the absence of any higher bid before the close of the offer. Regulatory Guide 111 sets out matters that the expert may consider in deciding whether an offer is reasonable. After reviewing the

advantages and disadvantages of the Proposed Transaction, Pitcher Partners Corporate considered the Proposed Transaction to be reasonable.

The principal factors we have taken into account in forming our opinion are discussed in detail in our report. The above opinion should be considered in conjunction with, and not independently of, the information set out in the remainder of this report, including the appendices, and the Explanatory Memorandum.

The opinion of Pitcher Partners Corporate is based on economic, market and other conditions prevailing at the date of this report.

In forming our opinion, we have considered the interests of Cordlife shareholders as a whole. This advice therefore does not consider the financial situation, objectives or needs of individual shareholders. It is not practical or possible to assess the implications of the Proposed Transaction on individual shareholders as we do not know their specific circumstances. Individual shareholders should therefore consider the appropriateness of our opinion to their specific circumstances before acting on it. We recommend that individual shareholders consult their financial adviser.

Yours faithfully
PITCHER PARTNERS CORPORATE PTY LTD



P MURONE
Executive Director



B.J. BRITTEN
Executive Director

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1 Proposed Transaction

1.1 Proposed Transaction

Cordlife proposes to undertake a renounceable Rights Issue to raise approximately \$11.62 million. The Rights Issue has been designed to provide eligible Cordlife shareholders the opportunity to benefit from participating at an issue price discounted to recent market trading, or by selling their rights or entitlements in the market.

The details of the Proposed Transaction are as follows:

- One new share for each existing three shares held by all eligible shareholders. Eligible shareholders comprise Australian, New Zealand and Singapore shareholders.
- Issue price of 32 cents per share.
- To be underwritten by the Underwriter, an existing shareholder of Cordlife.

The purpose of the Rights Issue is to assist Cordlife with funding recent acquisitions, including the 49% interest in Cordlife (Hong Kong) Limited (Cordlife Hong Kong) and the remaining payment for the acquisition of a 10% investment, as announced by the Company on 30 November 2009, in an entity that owns 100% of the Municipality Tianhe Nuoya Bio-engineering Co Ltd (Nuoya), as well as for general working capital purposes and to fund further acquisition opportunities. The purpose of the Underwriter is to ensure that, in the event the Rights Issue is not fully subscribed, the Company will have sufficient funds to undertake the foregoing.

At the date of this report, Cordlife had 108,948,263 shares on issue and 334,990 vested unlisted options on issue. The Underwriter currently holds approximately 16.03% of the issued share capital of Cordlife. In the event that no shareholders take up the entitlements under the Rights Issue, the aggregate holding in Cordlife of the Underwriter would increase to 37.02%.

The number of Cordlife fully paid ordinary shares which may be issued in aggregate under the Rights Issue to all shareholders, including the Underwriter, is 36,316,088 fully paid ordinary Cordlife shares (where options are not exercised) and 36,431,084 fully paid ordinary Cordlife shares (where options are exercised), subject to rounding.

Subject to Cordlife shareholder approval, the Company would pay to the Underwriter a commission of 5% of the amount raised. In addition the Underwriting Agreement provides that the Underwriter will be reimbursed for any reasonable legal costs and disbursements incurred in connection with the Rights Issue, the underwriting, the preparation of the underwriting agreement and any and all collateral documents pertaining to the underwriting. The Underwriter cannot sub-underwrite all or any part of a shortfall under the Rights Issue.

1.2 Conditions Precedent

Completion of the Proposed Transaction is conditional upon the following:

- Certain regulatory approvals, consents, modifications or waivers necessary to implement the Proposed Transaction including Australian Securities Exchange (ASX) waivers and ASIC modifications.
- Shareholder approval from the non associated shareholders of Cordlife.
- The Underwriting Agreement remaining in full force and effect.

Further details of the terms and conditions of the Proposed Transaction are contained in the Explanatory Memorandum.

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2 Independent Expert Report

2.1 Purpose of the Independent Expert Report

Section 606 of the Corporations Act prohibits the acquisition of a relevant interest in issued voting securities of an entity if the acquisition results in a person's voting power in a company increasing from below 20% to more than 20%, or from a starting point between 20% and 90%, without making an offer to all security holders of the entity.

In accordance with item 10 of Section 611 of the Corporations Act however, the acquisition of relevant interests in a company's voting shares by way of a rights issue is permitted where the issue is made to all holders of shares in the same percentage to the shares held prior to the issue and where the terms of the offer are the same for all shareholders. Furthermore, acquisitions made as underwriter to the rights issue are also exempt from the prohibition imposed by Section 606 of the Corporations Act.

Notwithstanding the above, the Underwriter holds approximately 16.03% of the issued share capital of Cordlife. In the event that no shareholders take up the entitlements under the Rights Issue, the aggregate holding in Cordlife of the Underwriter would increase to 37.02%. Accordingly Cordlife has determined that it is appropriate in all of the circumstances to seek shareholder approval under item 7 of Section 611 of the Corporations Act.

Regulatory Guide 74 "Acquisitions agreed to by shareholders" issued by ASIC requires that non associated shareholders be provided with a report assessing whether the Proposed Transaction is fair and reasonable in the context of the interests of the non-associated shareholders. The Independent Directors of Cordlife have requested that Pitcher Partners Corporate prepare an independent expert report stating whether in our opinion the Proposed Transaction is fair and reasonable in the context of the interests of the non-associated shareholders.

The report is to be included in the Explanatory Memorandum to be sent to all shareholders and has been prepared for the exclusive purpose of assisting non-associated shareholders in their consideration of the Proposed Transaction. This report cannot be used for any other purpose.

2.2 Basis of Evaluation

Regulatory Guide 111 "Content of expert reports" provides that where a company issues securities in exchange for cash and, as a consequence, the allottee acquires over 20% of the company, the transaction should be analysed as if it was a takeover bid. In this context, the terms fair and reasonable are not regarded as a compound phrase but rather as two distinct criteria.

Regulatory Guide 111 states that an offer is fair if the value of the consideration is equal to or greater than the value of the securities being issued. This comparison is to be made assuming 100% ownership of the company. The expert is not to consider the percentage holding of the allottee when making this comparison.

The shares in Cordlife have been valued at fair market value which we have defined as the amount at which the shares would be expected to change hands between a knowledgeable willing buyer and a knowledgeable willing seller, neither of whom is under any compulsion to buy or sell. Special purchasers may be willing to pay higher prices to reduce or eliminate competition, to ensure a source of material supply or sales, or to achieve cost savings arising on business combinations following acquisitions or other synergies which could only be enjoyed by the special

purchaser. Our valuation of the securities has not been premised on the existence of a special purchaser.

In order to assess whether the Proposed Transaction is fair, we have undertaken the following analysis:

- Estimated the fair market value of a Cordlife share on a fully diluted control basis and compared that to the price of 32 cents per share, set pursuant to the proposed Rights Issue and the underwriting agreement;
- Considered other financial impacts of the Proposed Transaction including the effect of the costs to be incurred under the terms of the underwriting agreement.

Regulatory Guide 111 states that an offer is reasonable if it is fair. It might also be reasonable if despite not being fair, the expert believes that there are sufficient reasons for security holders to accept the offer in the absence of any higher bid before the close of the offer. Regulatory Guide 111 sets out matters that the expert may consider in deciding whether an offer is reasonable. To assess the reasonableness of the Proposed Transaction we have considered the following:

- the pre-existing voting power of the Underwriter in the securities of the company;
- the dilutive effect of the Proposed Transaction and the likely impact it will have on Underwriters control over the Company;
- the liquidity of the market in the Cordlife shares;
- the likelihood of an alternative offer being made;
- the eligibility of shareholders to participate in the proposed Rights Issue;
- other implications for non-associated shareholders of voting for or against the Proposed Transaction.

In forming our opinion, we have considered the interests of Cordlife shareholders as a whole. This advice therefore does not consider the particular circumstances of individual shareholders. It is not practical or possible to assess the implications of the Proposed Transaction on individual shareholders as we do not know their specific circumstances. Individual shareholders should therefore consider the appropriateness of our opinion to their specific circumstances before acting on it. We recommend that individual shareholders consult their financial adviser.

2.3 Limitations and Reliance on Information

Our report has been prepared to assist the non-associated Shareholders for the purpose stated above. It does not provide a recommendation as to whether shareholders should take up the Rights Issue. Shareholders must therefore form their own view as to whether or not they wish to take up their entitlement to new shares in Cordlife.

The opinion of Pitcher Partners Corporate is based on economic, market and other conditions prevailing at the date of this report. Such conditions can change significantly over short periods of time.

Our procedures and enquiries do not include verification work nor constitute an audit or a review engagement in accordance with standards issued by the Auditing and Assurance Standards Board.

3 Profile of Cordlife

3.1 Background

Cordlife, an entity listed on the ASX, operates Australasia's largest network of private cord blood banks with full processing and cryopreservation storage facilities in Singapore, Hong Kong, Indonesia, India and the Philippines as well as a marketing presence throughout the region.

Cordlife collects, processes and stores cord blood stem cells which may later become a potential source material for lifesaving treatment. Cord blood has become a source of stem cells for transplantation worldwide since the first transplant in 1988. Cord blood stem cells have been used to treat many different diseases including certain cancers and bone marrow failure syndromes, inborn errors of metabolism, blood disorders and immunodeficiencies.

Cordlife was established in 2001 and since that time has established a quality system and clinically reliable cord blood banking service with its services certified by Singapore's Ministry of Health, and subsequently accredited in 2005 by the American Association of Blood Banks (AABB).

In 2006, Cordlife was awarded the 'Technology Pioneer' status by the World Economic Forum for advancing the field of adult stem cell therapy, cord blood banking and technologies. Cordlife was one of the only three companies in Asia to be awarded this recognition.

The major milestones and significant events of Cordlife since its inception in 2001 are as follows:

Milestones/Significant Events

Year	Event
2001	<ul style="list-style-type: none"> Incorporated Cordlife Pte Ltd (Cordlife Singapore) as the first cord blood bank offering private cord blood banking services.
2002	<ul style="list-style-type: none"> Launched the first Cordlife facility at Camden Medical Centre in Singapore. Provided blood, which had been processed and stored by Cordlife, to save a five-year-old boy suffering from leukaemia via the first successful cord blood transport case in Singapore.
2003	<ul style="list-style-type: none"> Acquired 100% of Cytomatrix Pty Ltd (Cytomatrix), a stem cell research company which specialises in cell expansion technology.
2004	<ul style="list-style-type: none"> Became the first and only cord blood bank in Asia to be listed on ASX. Became a founding member of the Asia Pacific Cord Blood Banks Consortium (APCBBC). Established marketing office in Indonesia through P.T. Cordlife Indonesia (Cordlife Indonesia).
2005	<ul style="list-style-type: none"> Established marketing office in Thailand through Cygenics (Thailand) Ltd (Cygenics Thailand). Was the first in South East Asia and Singapore to receive international accreditation from the AABB for its facility in Singapore. Launched the first overseas Cordlife processing and storage facility in Hong Kong via Cordlife Hong Kong. Acquired a 51% interest in BioCell Pty Ltd (Biocell) via a cash injection of

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Year	Event
	<p>A\$530,000. Biocell is the second largest private cord blood bank in Australia.</p> <ul style="list-style-type: none"> Increased its shareholding in Biocell to 57% following a Rights Issue.
	<ul style="list-style-type: none"> Established marketing office in Philippines via Cordlife Medical Philippines Inc (Cordlife Philippines).
2006	<ul style="list-style-type: none"> Sponsored the first Cystic Fibrosis cord blood collection in Australia. Completed a share placement at 32 cents per share raising approximately \$3.3million via the issue of 10.2 million ordinary shares. Acquired a 20% interest in a Netherlands tissue engineering company, PharmaCell BV (Pharmacell) for A\$388,000. Pharmacell provides contract services in the area of human cell and tissue banking.
2007	<ul style="list-style-type: none"> Changed its name to Cordlife Limited. Incorporated Cordlife Sciences India Pvt Ltd (Cordlife India), which was officially launched by Singapore Senior Minister and former Prime Minister, Mr Goh Chok Tong, in Kolkata. Recognised as “Technology Pioneer” by the World Economic Forum. Issued 11.7 million ordinary shares to China Stem Cells (East) Company Limited at an issue price of 68 cents per share. Launched the first and only licensed cord blood processing and storage facility in Indonesia through a joint venture partnership between Cordlife Indonesia and PT Kalbe Farma (Kalbe Farma), a pharmaceutical company, with Kalbe Farma taking a 49% interest in Cordlife Indonesia. Cordlife Hong Kong received ISO 9001-2000 certification. BioCell received Australia's Therapeutic Goods Administration license.
2008	<ul style="list-style-type: none"> Singapore's facility relocated to Singapore Science Park II and was successfully reaccredited by AABB. Launched "Cordlife Cares", the first corporate social responsibility programme of its kind in Singapore, which offers free private cord blood banking to families in need. Another Cordlife sales office opened in Medan, Indonesia's third largest city. A second office in Hong Kong opened in Kowloon, strategically opposite Hong Kong Baptist Hospital which holds the record for the country's highest number of private deliveries. A new office also opened in Macau. CSCE acquired 5.7 million Cordlife shares increasing its shareholding to 18.9% of the issued capital of the Company. BioCell merged with Cellsense Pty Ltd (Cellsense) and was re-branded as "Australian Stem Cell Healthcare Pty Ltd" (ASCH) to become the largest private cord blood bank in Australia. Cordlife's interest was reduced to 28.4%.
2009	<ul style="list-style-type: none"> Opened India's largest facility being the first and only private cord blood bank in West Bengal. A private investment company acquired a 50% shareholding in ASCH. ASCH

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Year	Event
	<p>subsequently undertook a rights issue in which Cordlife did not participate in, thereby reducing Cordlife's interest to 8.75%</p> <ul style="list-style-type: none"> ▪ Increased its shareholding in Cordlife Indonesia to 65% through a share acquisition from Kalbe Farma for consideration of approximately \$0.2 million. ▪ Cordlife India received ISO 9001:2008 certification for its quality management system. ▪ Completed a share placement at 43 cents per share, raising approximately \$6 million. ▪ Issued approximately 1.5 million ordinary shares at a nil exercise price upon the exercise of options by employees pursuant to the Options and Performance Rights Plan. ▪ Made headway into China by assisting Beijing Cord Blood bank in the realignment of their quality standards in preparation for an audit by the AABB, a first in China. ▪ Secured a 10% strategic stake in Nuoya for US\$10 million. ▪ Released a cord blood unit for the first time to treat a case of cerebral palsy in Singapore.
2010	<ul style="list-style-type: none"> ▪ Entered into an agreement to acquire the remaining 49% in Cordlife Hong Kong for consideration of S\$2.7 million, payable in three instalments, and 1.5 million shares in Cordlife.

Source: Cordlife website

3.2 Operations

Cordlife offers the service of cord blood banking for parents who wish to store their baby's cord blood stem cells now to use for potential medical purposes later. Cordlife operates private cord blood banks with full processing and storage facilities. Cord blood, also called 'placental blood', is blood that remains in the umbilical cord and placenta following birth and after the umbilical cord is cut. Cord blood is normally discarded with the placenta and umbilical cord.

During pregnancy, the umbilical cord functions as a lifeline between mother and child. The umbilical cord blood is a source of haematopoietic stem cells, a proven resource for treatment of certain diseases. Cord blood collection procedures are painless and risk-free to mother and baby. It takes approximately three minutes and does not alter the birthing process in any way.

Immediately after the delivery of a baby, the cord is clamped and the doctor collects the blood by inserting a needle into the cord vein, and draining the blood into either a blood bag or a syringe. Cordlife uses only the blood bag method of collection, which minimises contamination risks.

The cord blood is processed and stored in Cordlife's laboratory and processing facilities for the specialised processing of haematopoietic stem cells. The AABB audits the facilities every two years to ensure that the sample is screened, processed, and stored following the strictest quality assurance guidelines.

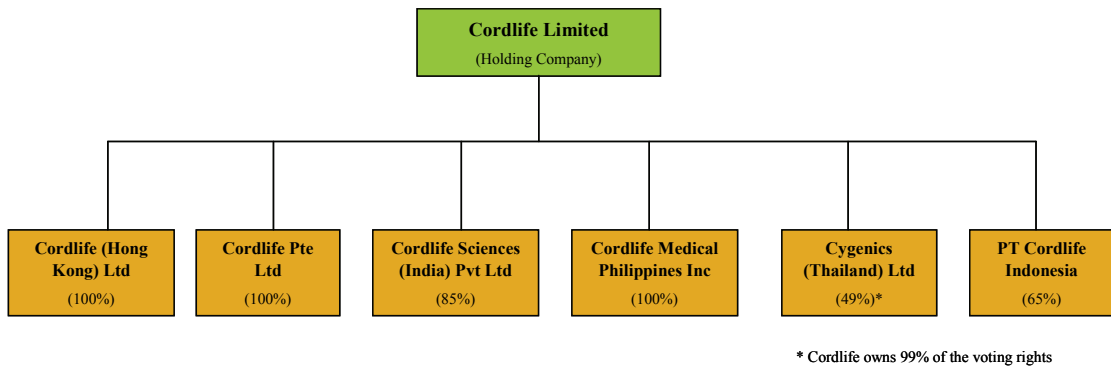
Cordlife utilises Sepax™ (Sepax), a Swiss-made and US Food and Drug Administration (FDA) cleared automated cord blood processing technology which allows smooth and precise stem cell separation in a closed and sterile environment. This system allows cord blood to be processed

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without the need to expose the blood to the surrounding processing environment, which minimises the risk of contamination. A closed system also helps to prevent the loss of cells with recovery generally as high as 96%. Further, as the sample is not required to be transferred from one container to another, the chance of a mix up in samples is significantly reduced.

Cordlife uses the US FDA approved cryogenic storage pouch, which is a Thermogenesis® multi-compartmentalised cryobag with a 20% and 80% compartment. The storage pouch is made of a special material designed specifically to withstand cryogenic temperatures. The 20% and 80% compartment means that a client is able to withdraw 20% or 80% of the stem cells while continuing to store the balance for later use. The cryobag has integrally attached segments which comply with AABB and FACT-Netcord standards.

The operations of Cordlife are undertaken through the operating entities set out below. We note that the corporate structure excludes all dormant entities and investment companies.



The operations of the various operating entities within Cordlife are as follows:

3.2.1 Cordlife Singapore

Cordlife Singapore was established in 2001 and certified by the Ministry of Health. This entity is a processing and storage laboratory with testing being outsourced.

In 2005, Cordlife Singapore achieved the AABB accreditation for its cord blood banking facility in Camden Medical Centre. Due to rapid growth, Cordlife Singapore relocated to a larger facility in Singapore Science Park II and the new facility was successfully reaccredited by AABB in 2008. Cordlife Singapore remains the only AABB accredited cord blood banking facility. It is the first company in Asia to utilise Sepax.

Cordlife Singapore’s strategy is to build relationships with key hospitals and clinics and bundling products and services to increase the value to the clients. The company participates in the facilitation of transplant and therapy in order to be opinion leaders. There is also a client nurturing program.

There are a variety of payment options offered to customers however the most common option taken up by customers is an initial upfront payment with subsequent annual fees. The initial upfront payment for cord blood banking in Cordlife Singapore is S\$1,400 with an annual fee of S\$250.

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3.2.2 Cordlife Indonesia

Cordlife Indonesia was established in 2004, however prior to 2007, only operated as a representative office for Singapore. Cordlife Indonesia is the only licensed private cord blood banking facility in Indonesia with comprehensive processing and storage capabilities. As with Cordlife Singapore, Cordlife Indonesia outsources its testing. Cordlife Indonesia's main office and storage facility are located in Jakarta, with sales offices in Medan and Surabaya.

Cordlife Indonesia's strategy is to increase coverage throughout the key cities in Indonesia and build relationships with clinics and doctors. As with Cordlife Singapore, the most common payment plan taken up by customers is an initial upfront payment with subsequent annual fees. The initial upfront payment for cord blood banking in Cordlife Indonesia is RP 11.5 million and RP 1.5 million annually for local storage.

3.2.3 Cordlife India

Cordlife India was established in 2007 and is the largest and most advanced cord blood facility in India. The laboratory contains full processing, testing and cryopreservation capabilities.

Cordlife India is located in Kolkata, servicing the Eastern region of India. However, Cordlife India is licensed by the Drug Controller General of India to collect cord blood units from all Indian states and cities.

Cordlife India's strategy is to increase its presence outside the Eastern region of India and expand the market through activities in other hospitals and second tier cities. As with Cordlife Singapore, the most common payment plan taken up by customers is an initial upfront payment with subsequent annual fees. The initial upfront payment for cord blood banking in Cordlife India is Rs 42,000 and Rs 3,600 annually for local storage.

3.2.4 Cordlife Hong Kong

Cordlife Hong Kong was established in 2005 and is a processing and storage laboratory, with its testing being outsourced.

Within two years, Cordlife Hong Kong was internationally recognised by the International Organization for Standardization with ISO 9001:2000 certification. In 2008, a second office was opened in Kowloon, strategically opposite Hong Kong Baptist Hospital which holds the record for the city's highest number of private deliveries.

In 2010, Cordlife Hong Kong expanded into a new flagship facility at the Hong Kong Science Park. It is Hong Kong's largest and most advanced stem cell facility.

The most common payment plan taken up by customers is the 18 year pre paid plan which is HKD\$30,500.

3.2.5 Cordlife Philippines

Cordlife Philippines was established in 2005 as a marketing office to serve clients in the Philippines who banked their baby's cord blood with Cordlife Singapore.

In February 2010, Cordlife officially opened the country's first and only cord blood processing and storage facility located in Metro Manila, to better serve the cord blood banking needs of the Philippine market. All testing is outsourced.

The facility is registered with the Department of Health and is built in accordance with global gold standards such as the AABB and ISO. The facility operates 365 days a year and offers the world's only fully automated cord blood processing system.

Cordlife Philippines' strategy is to set up a local facility to address the price sensitive market and increase coverage throughout the key cities. As with Cordlife Singapore, the most common payment plan taken up by customers is an initial upfront payment with subsequent annual fees. The initial upfront payment for cord blood banking in Cordlife Philippines is PHP40,000 with an annual fee of PHM8,000.

3.2.6 Cygenics Thailand

Cygenics Thailand was established in 2005 providing sales and marketing services to the various Cordlife entities. In addition to various marketing and support activities, Cygenics Thailand works in close partnership with three prominent private hospitals which account for a major percentage of deliveries in Thailand.

3.2.7 Investments

Nuoya

Cordlife has a 10% interest in Nuoya, one of the largest cord blood banks in Asia. Established since 2006, Nuoya is the sole licensed cord blood banking operator in Guandong province, one of the most prosperous and populous provinces in China. It has exclusive and full access to approximately 1 million new births in the province annually by virtue of the licensing rules in the country. Adopting a channel-based strategy to access the market, Nuoya has developed strategic sales and marketing network through more the 90 major hospitals in the province to tap into the market's demand for cord blood banking services.

Cordlife expect the investment to be beneficial on a number of fronts including the ability to obtain synergy through Cordlife Hong Kong with collaborative opportunities to systematically market the cord blood banking services to about 20,000 Chinese nationals who deliver in Hong Kong.

Other Investments

In addition to its 10% interest in Nuoya, Cordlife has the following investments:

- 8.75% in ASCH, Australia's largest cord blood bank;
- 26% in Cytomatrix, a development stage biotechnology company focused on researching, developing and commercialising new therapeutics based on the use of cells to help treat diseases; and
- 4% in Pharmacell, a company located in the Netherlands which provides contract services in the area of human cell and tissue banking and culturing as well as human cell line development and manufacturing of pharmaceuticals.

3.3 Market and Competitors

The table below provides a snap shot of the number of births per annum in each of the regions in which Cordlife operates, together with the addressable market size ie. the estimated market size having regard to such factors as geographic location, disposable income, growth in birth rates and market awareness. The table also indicates the number of private banks, including that of Cordlife, in each of the regions.

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Market Analysis

	Singapore	Hong Kong	Indonesia	India	Philippines
Total births per annum	41,100	52,300	2,548,400	25,373,900	883,100
Addressable market size	100%	50%	5%	1%	5%
Number of private banks	2	3	1	4	2

Source: Management

Cordlife's market share differs across the regions reflecting partly the period in which the company has been operating in the respective locations as well as the number of competitors therein.

Cordlife has the opportunity to increase its market share through further marketing and development in less established areas as well as considering opportunities such as collaboration with R&D centres and other companies serving the same market or increasing market awareness in secondary cities which are as yet untapped.

The potential threats to Cordlife include primarily withdrawal of cord blood banking subsidies by the government, changes in regulations, new entrants and foreign currency movements. Cordlife's geographical spread and extensive marketing initiatives should to some extent mitigate these potential threats.

The major competitors to Cordlife are:

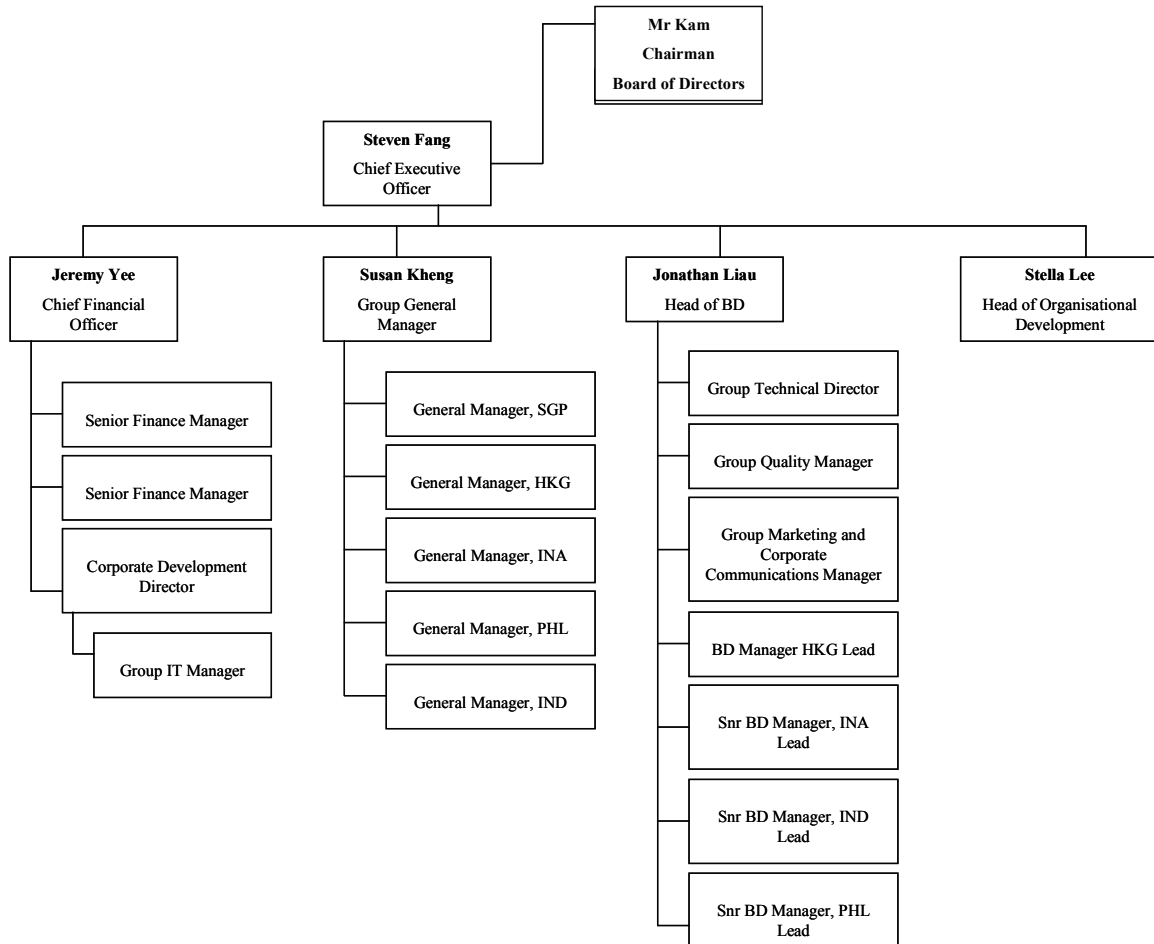
- Stemcord Pte Ltd (Stemcord) – Stemcord was established in 2002 as a private cord blood bank, specialising in the collection, processing, storage, and retrieval of cord blood stem cells. Stemcord is based in Singapore with offices in Brunei, Indonesia, Philippine and Vietnam.
- Cryolife Hong Kong – Cryolife Hong Kong is owned by Cell Therapy Technologies Centre Ltd and started operations in 1998 as the first family cord blood storage programme in the Asian region. The company manages the largest cord blood inventory in Hong Kong and was the first cord blood bank in Hong Kong to be accredited by the AABB.
- HealthBanks Biotech Co. Ltd (HealthBaby) – HealthBaby was established in Taiwan in 1999 and Hong Kong in 2005 and is a biotechnology company focusing on umbilical stem cell and biotechnology R&D projects. In addition to the above, HealthBaby also provides storage of cord blood stem cells.
- Cellsafe International Sdn Bhd (Cellsafe) – Cellsafe is a regional high-tech biotech venture which provides cord blood stem cell cryogenic preservation. In Malaysia, Cellsafe provides harvesting and preservation services of stem cells from cord blood.
- Lifecell International (Lifecell) – Lifecell is India's first and largest private stem cell bank and stem cells solutions provider. Lifecell commenced operations in 2004 with cryogenic preservation of umbilical cord blood stem cells at its facility in Chennai.
- Cryobanks International India Pvt. Ltd. (Cryobanks India) – Cryobanks India is a joint venture between Cryobanks International USA and RJ Corp founded in 2006. Cryobanks India is engaged in the collection, processing and banking of umbilical cord blood stem cells and provides a private cord blood storage program for expecting families that wish to privately store stem cells.
- Cryo-Save Group N.V. (Cryosave) – Cryosave was established in 2000 as an adult stem cell storage bank, with more than 120,000 samples stored. Cryosave's head office is situated in the Netherlands, and owns or has access to, operating laboratory and storage facilities in Belgium,

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Germany and Dubai. Cryosave’s services are available in 38 countries across three continents (Europe, Asia, Africa).

3.4 Organisational Structure

Cordlife’s organisational structure is detailed below:



Source: Cordlife

Cordlife have approximately 270 employees Asia wide with 70 employees in the Singapore operations, 37 at Head Office, 65 in India, 47 in Indonesia, 34 in Hong Kong and 16 in the Philippines.

A brief description of the experience of each of the executive and non executive directors on the board is detailed below:

Mr Kam Yuen - Director and Chairman

Mr Kam was elected to the board on 23 October 2008 with extensive knowledge of the healthcare industry and over 20 years of international business experience. Mr Kam is also the founder, Chairman and Compliance Officer of Golden Meditech Company Limited, an entity listed on the Hong Kong Stock Exchange.

Mr Steven Fang Boon Sing - Executive Director and Group Chief Executive Officer

Mr Fang founded Cordlife Singapore in 2001, and negotiated the merger with Cytomatrix in 2003 which led to the establishment of Cygenics and its subsequent initial public offering on the ASX on

18 June 2004. Mr Fang has over 20 years of business development and managerial experience in the Asia Pacific region and has accrued an immense depth of knowledge of the medical and healthcare industry. Mr Fang is a recipient of the Spirit of Enterprise Award in 2003, and served as the institution's President and Chairman from 2005 to 2008.

Mr Jeremy Yee Pinh - Executive Director and Chief Financial Officer

Mr Yee joined Cordlife in 2002 and has been a key executive in its establishment. Previously he worked full time as a consultant with one of the 'Big 4' accounting firms where he provided professional advice and consultation to a wide spectrum of businesses including e-commerce, consumer products and service, finance, media, and healthcare. In addition, he has provided advice to companies and financial institutions on risk management and worked on IPOs for medium sized companies in Singapore.

Mr Samuel Kong Kam Yu - Non Executive Director

Mr Kong has worked for a number of accounting firms, including a leading international accounting firm before joining a listed healthcare group in Hong Kong 2001. He is currently responsible for the listed group's finances, corporate projects and company secretarial matters.

Mr Voiron Chor - Non Executive Director

Mr Chor is an analyst, with many years of experience in financial investment research and consulting. He is currently a Vice President at Morgan Stanley Asia and previously held director positions in Credit Suisse and UBS AG.

Mr Mark Benedict Ryan - Non Executive Director and Chairman of the Audit Committee

Mr Ryan is a Chartered Accountant with over 20 years of experience in accounting and finance. Mr Ryan is currently the Accounting and Finance Director of Kellogg Joint Venture Gordon LNG Development.

3.5 Share Analysis

Cordlife had 108,948,263 shares on issue at 17 May 2010. The top 20 shareholders are detailed below:

Shareholder Analysis

Shareholder	Shares Held	% Held
ANZ Nominees Limited as custodian for the Underwriter	17,465,000	16.03%
Citicorp Nominees Pty Ltd	14,171,236	13.01%
ANZ Nominees Limited	13,990,097	12.84%
Victorworth Pty Ltd	7,500,000	6.88%
HSBC Custody Nominees (Australia) Limited	5,431,170	4.99%
Victorworth Pty Ltd	4,649,894	4.27%
Equitas Nominees Pty Limited	3,707,900	3.40%
UOB Kay Hian (Hong Kong) Limited	3,002,919	2.76%
Tantalum Cellular Products LLC	2,566,972	2.36%
Equitas Nominees Pty Limited	2,500,000	2.29%
CIMB-GK Securities Pte Ltd	2,465,298	2.26%

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Shareholder	Shares Held	% Held
HSBC Custody Nominees (Australia) Limited	1,789,891	1.64%
Nefco Nominees Pty Ltd	1,657,758	1.52%
BS Fund Management Pte Ltd	1,500,000	1.38%
Gold Baxter International Ltd	1,259,072	1.16%
Jayhawk Private Equity Fund II	1,259,071	1.16%
Tiong Aik Corporation Pte Ltd	1,230,514	1.13%
National Nominees Limited	1,019,428	0.94%
Fortis Clearing Nominees Pty Ltd	1,013,493	0.93%
Mr Ben Kee Cheong Chng	868,000	0.80%
Arrow Asia Opportunity Fund Ltd	863,039	0.79%
Top 20 Shareholders	88,122,651	82.54%
Other	20,825,612	17.46%
Total Shares	108,948,263	100.00%

Source: Cordlife

The above table indicates that the top three shareholders hold approximately 42% of the total shares, with all other shareholders holding small parcels of shares. Included therein is a holding of 16.03% by the Underwriter.

At 17 May 2009, Cordlife also had 334,990 vested unlisted options. The options have a nil exercise price with the majority having less than three years remaining life.

We also note that a further 1,350,000 performance rights were granted to two executive directors and one non executive director on 7 October 2009, increasing the number of options outstanding to 1,684,990. The performance rights have a nil exercise price and vest in three equal tranches over one, two and three years respectively after grant date upon the achievement of the performance hurdles. The options have a five year life.

On a fully diluted basis, the number of shares in Cordlife at the date of this report would be as follows:

Fully Diluted Capital

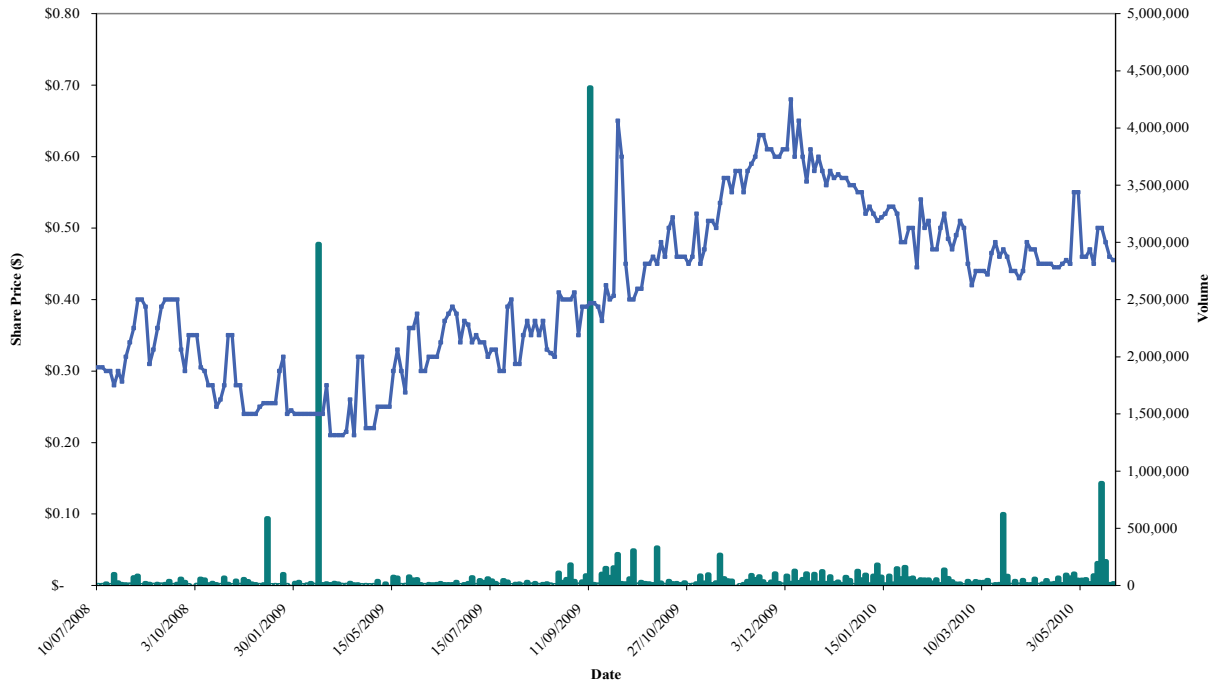
	Number
Shares on issue	108,948,263
Options vested	334,990
Fully Diluted Shares	109,283,253

Source: Cordlife

The above excludes the performance rights issued in October 2009 which at the date of this report had not vested and for which the performance criteria had yet to be determined.

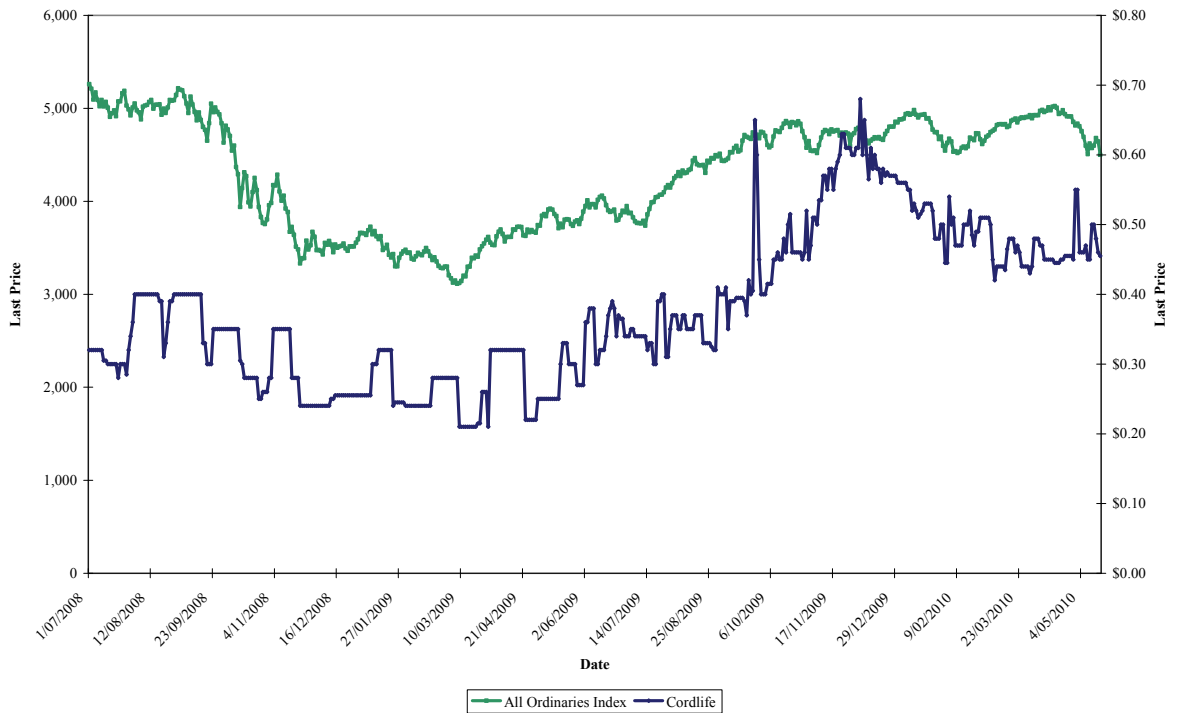
The trading history of Cordlife from 1 July 2008 to 17 May 2010 is detailed in the graph below.

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Source: Bloomberg

The trading history of Cordlife compared with the All Ordinaries Index is as follows:



Source: Bloomberg

The monthly trading history from July 2008 to May 2010 is detailed in the table below:

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Monthly Trading Performance

Month	VWAP	Low Price	High Price	Volume	% of Shares on Issue
July 2008	\$0.33	\$0.28	\$0.40	329,600	0.36%
August 2008	\$0.38	\$0.31	\$0.40	110,578	0.12%
September 2008	\$0.33	\$0.30	\$0.40	107,273	0.12%
October 2008	\$0.29	\$0.25	\$0.35	222,036	0.24%
November 2008	\$0.26	\$0.24	\$0.35	153,500	0.17%
December 2008	\$0.25	\$0.24	\$0.26	621,961	0.67%
January 2009	\$0.30	\$0.24	\$0.32	130,300	0.14%
February 2009	\$0.24	\$0.24	\$0.28	3,077,097	3.32%
March 2009	\$0.23	\$0.21	\$0.32	95,469	0.10%
April 2009	\$0.25	\$0.22	\$0.32	48,368	0.05%
May 2009	\$0.31	\$0.25	\$0.33	167,219	0.18%
June 2009	\$0.36	\$0.30	\$0.39	408,611	0.44%
July 2009	\$0.33	\$0.30	\$0.40	350,312	0.38%
August 2009	\$0.39	\$0.32	\$0.41	180,136	0.19%
September 2009	\$0.41	\$0.35	\$0.65	5,967,174	6.44%
October 2009	\$0.46	\$0.42	\$0.52	667,357	0.72%
November 2009	\$0.56	\$0.47	\$0.63	1,028,730	0.96%
December 2009	\$0.59	\$0.56	\$0.68	996,096	0.93%
January 2010	\$0.51	\$0.48	\$0.56	1,229,366	1.15%
February 2010	\$0.50	\$0.45	\$0.54	542,609	0.51%
March 2010	\$0.46	\$0.42	\$0.50	1,028,624	0.96%
April 2010	\$0.48	\$0.45	\$0.55	567,062	0.53%
May 2010*	\$0.49	\$0.45	\$0.50	1,541,538	1.43%

Source: Bloomberg

* Up to and including 17 May 2010

From July 2008 to March 2009, the stock price appears to have moved broadly in line with the Australian equity market, reaching a low of 21 cents on 9 March 2009. The stock continued to move in line with the Australian equity market, showing a rising trend increasing to a high of 68 cents on 4 December 2009. Since that date the share price has declined with the weighted average price over the five months to 17 May 2010 being 49 cents. The weighted average price over the last month to 17 May 2010 was also 49 cents.

In addition to the above, Cordlife shareholders entered into off market share transactions in September 2009. The details of these transactions are as follows:

- 10 September 2009 – 3,750,000 ordinary shares were sold by for total consideration of \$1,537,500 or 41 cents per share.
- 11 September 2009 - 3,750,000 ordinary shares were sold for total consideration of \$1,537,500 or 41 cents per share.

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The shares in Cordlife however are thinly traded, with the total volume of shares traded over the aforementioned period being 19,571,016 on market, representing less than 18% of the total issued capital at May 2010. The shares in Cordlife are not reported or covered by any broker.

It is difficult therefore to determine the factors that may have impacted on the share price, given the illiquidity. Notwithstanding, we have considered below key events during the period 1 July 2008 to 11 May 2010 that may have impacted:

- October 2008 – CSCE announced that it acquired 5,735,000 Cordlife shares increasing its shareholding to 17,465,000.
- December 2008 – Biocell, a previously 57% owned subsidiary of Cordlife, merged with CellSense to form ASCH resulting in Cordlife owning 28.4% of ASCH.
- September 2009 – Cordlife increased its stake in Cordlife Indonesia through a share acquisition from Indonesian partner, Kalbe Farma, increasing its holding to 65%.
- November 2009 – Cordlife announced the successful completion of a share placement having raised approximately \$6 million via the issue of 14,008,251 fully paid ordinary shares at 43 cents per share.
- November 2009 – Cordlife purchased a 10% stake in Nuoya with US\$10 million investment.
- December 2009 – Cordlife released a cord blood unit for the first time to treat a case of cerebral palsy in Singapore.
- May 2010 – Cordlife entered into an agreement to purchase the remaining 49% interest in Cordlife Hong Kong for consideration of S\$2.7 million and 1.5 million shares in Cordlife.

3.6 Financial Performance

Summarised below is the historical audited income statement for the two years ended 30 June 2009 and the half year results for the six months to 31 December 2009 together with the unaudited forecast for the year ending 30 June 2010.

Financial Performance

	2008 \$'000	2009 \$'000	31 Dec 2009 \$'000	F/C 2010 \$'000
Revenue	14,398	23,501	12,515	24,964
Cost of Sales	4,028	5,691	3,001	5,930
Gross Profit	10,370	17,810	9,514	19,034
<i>Gross Margin</i>	72%	76%	76%	76%
Other Revenue	71	29	-	5
Expenses				
Employee Expenses	5,424	6,928	3,279	6,723
Distribution and Marketing	1,599	2,515	1,841	3,931
Other Expenses	2,451	3,429	1,810	4,412
Share of Loss from Associates	110	8	-	-
Total Expenses	9,584	12,880	6,930	15,066
Earnings Before Interest Tax & Depreciation (EBITDA)	857	4,959	2,584	3,973
<i>EBITDA Margin</i>	6%	21%	21%	16%

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	2008 \$'000	2009 \$'000	31 Dec 2009 \$'000	F/C 2010 \$'000
Depreciation	524	595	283	561
Amortisation	25	38	20	32
Earnings Before Interest & Tax (EBIT)	308	4,326	2,281	3,380
<i>EBIT Margin</i>	2%	18%	18%	14%
Interest Revenue	410	185	86	163
Interest Expense	17	24	18	37
Net Profit before Abnormal Items and Tax	701	4,487	2,349	3,506
Gain on Control of Subsidiary	-	1,416	-	-
Impairment Loss – Investment in Associates	-	353	-	-
Net Profit before Tax and after Abnormal Items	701	5,550	2,349	3,506
Income Tax Expense	826	1,056	758	1,285
Net Profit/(Loss) after Tax	(125)	4,494	1,591	2,221
Net Profit Attributable to Minority Interests	134	270	202	161
Net Profit/(Loss) for the Year Attributable to Members	(259)	4,224	1,389	2,059

Source: Annual Reports, Half Year Reports and Management Forecast

Revenue

Revenue relates to that of cord blood banking services and increased significantly in 2009 from \$14.4 million to \$23.5 million. The increase primarily reflects the growth in the operations of both Cordlife Singapore and Cordlife Hong Kong as well as an improvement in the Indonesia and India operations. Revenue is forecast to increase to \$25 million for the year ending 30 June 2010. The increase reflects an increase in sign-ups across the Company's existing markets.

Expenses

Total expenses increased significantly over the period from \$9.6 million in 2008 to \$15.1 million in 2010.

The most significant expenses are employee expenses which are forecast at approximately 27% of revenue in 2010. Employee expenses increased from \$5.4 million in 2008 to \$6.7 million in 2010. This increase reflects the expansion and growth of the cord blood bank business regionally across Asia, which has resulted in higher staff costs. The increase also reflects salary increases and bonuses resulting from the performance of employees during the financial year.

Distribution and marketing expenses increased from \$1.6 million in 2008 to a forecast \$3.9 million in 2010. This reflects the strategy of Cordlife to increase marketing in an attempt to increase market share in both existing and new markets. The 2010 expenditure also includes television commercials that were first run in the Hong Kong market.

Other expenses comprise primarily operating lease rentals and administration expenses.

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EBITDA and EBIT

The EBITDA and EBIT of Cordlife increased significantly in 2009 primarily reflecting the increase in revenue derived from the expansion into new areas and growth in Singapore and Hong Kong. EBITDA margin improved from 6% to 21% and EBIT margin improved from 2% to 18%.

The forecast for the year ending 30 June 2010 indicates that earnings are forecast to decline to an EBITDA of \$3.97 million and an EBIT of \$3.38 million. EBITDA margin has reduced to 16% and EBIT margin has reduced to 14%. The decrease reflects primarily the increase in marketing spend to develop new markets particularly in India, Indonesia and the Philippines.

Abnormals

In December 2008, Biocell merged with CellSense to form ASCH. On completion, Cordlife recorded a gain on deemed disposal of \$1.4 million.

During the 2009 financial year, Cordlife also recognised impairment losses on its associate investments.

We have been advised that there are no other material abnormal items.

3.7 Financial Position

Summarised below is the audited balance sheet as at 30 June 2009 and as at 31 December 2009.

Financial Position

	2009 \$'000	31 Dec 2009 \$'000
Business Assets		
Trade and Other Receivables	24,213	24,366
Inventories	281	415
Property, plant and equipment	1,155	1,654
Deferred tax asset	8	7
Investment in Nuoya	-	11,066
Total Business Assets	25,657	37,508
Business Liabilities		
Trade and Other Payables	2,541	2,752
Deferred Revenue	5,166	4,983
Income Tax Payable	1,871	1,607
Total Business Liabilities	9,578	9,342
Net Tangible Business Assets	16,079	28,166
Intangible Assets		
Goodwill	27,500	27,500
Software	45	26
Total Intangible Assets	27,545	27,526
Net Business Assets	43,624	55,692
Non Business Assets		

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	2009 \$'000	31 Dec 2009 \$'000
Cash and Cash Equivalents & Term Deposits	10,349	12,748
Amount Due from Associate Company	492	45
Total Non Business Assets	10,841	12,793
Non Business Liabilities		
Interest-bearing Borrowings	919	718
Finance Lease Liability	11	7
Amount owing on acquisition of 10% interest in Nuoya	-	8,200
Total Non Business Liabilities	930	8,925
Net Non Business Assets	9,911	3,868
Net Assets	53,535	59,560

Source: Annual Reports and Half Year Reports

We note the following in respect of Cordlife's financial position and the key items therein:

- Trade and other receivables relates to both current and non current receivables. The non current portion relates to cord blood banking service revenues receivable under annual, five year and ten year plans that have yet to be billed to the customer.
- Property, plant and equipment relates to leasehold improvements, office equipment, plant and equipment and motor vehicles.
- Available for sale investment relates to the acquisition of a 10% interest in Nuoya for US\$10 million.
- Deferred revenue represents revenue received in advance for services to be rendered under cord blood banking contracts.
- Goodwill reflects the acquisition of Cordlife Pte Ltd upon listing.
- Amount owing on acquisition of 10% interest in Nuoya relates to the outstanding consideration payable for the interest acquired in November 2009.

Since 31 December 2009, we understand that the cash amount has reduced to \$7.9 million. We understand that \$3.8 million of this amount was utilised to pay part of the amount owing on the Nuoya acquisition, with the balance being utilised to acquire fixed assets. The amount owing on the Nuoya acquisition has therefore reduced to \$4.4 million.

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4 Impact of the Proposed Transaction

4.1 Financial Position

The Proposed Transaction will result in net cash proceeds, after the payment of the fees and associated costs of the Underwriter, of approximately \$0.6 million. The proceeds will be utilised to assist Cordlife with funding recent acquisitions, including the 49% interest in Cordlife Hong Kong and the 10% stake in Nuoya, as well as for general working capital purposes and to fund further acquisition opportunities. Summarised below is the source and use of funds:

Sources and Uses of Funds

	\$'000
Proceeds from proposed Rights Issue	11,620
Underwriting Fees	(581)
Other Reasonable Underwriter Costs (estimated by management)	(100)
Net Proceeds from proposed Rights Issue	10,939
Cash balance at 31 March 2010	7,856
Payment of balance outstanding on acquisition of Nuoya	(4,400)
Payment of Cordlife Hong Kong	(2,200)
Net cash available for working capital and to fund acquisition opportunities	12,195

Source: Cordlife

4.2 Capital Structure

As at 17 May 2010 Cordlife had 108,948,263 shares on issue and 334,990 vested options on issue. If the Proposed Transaction proceeds, Cordlife will issue between 36,316,088 fully paid ordinary Cordlife shares (where options are not exercised) and 36,431,084 fully paid ordinary Cordlife shares (where options are exercised) subject to rounding.

If there is no participation by non associated shareholders in the Proposed Transaction, and assuming all vested options are exercised, the interest of existing non associated shareholders in Cordlife could be diluted from 83.97% to 62.98%, calculated as follows:

Estimated interest of non associated shareholders assuming no participation

	Non Associated Shareholders (millions)	Underwriter (millions)	Total (millions)
Shares on issue at 17 May 2010	91.4	17.5	108.9
Estimate of vested options exercised	0.3	-	0.3
Fully diluted shares on issue	91.7	17.5	109.2
<i>% voting shares</i>	<i>83.97%</i>	<i>16.03%</i>	<i>100%</i>
Rights taken up	-	36.4	36.4
Shares on issue after Proposed Transaction	91.7	53.9	145.6
<i>% voting shares</i>	<i>62.98%</i>	<i>37.02%</i>	<i>100%</i>

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If the non associated shareholders do not take up their full entitlement under the Proposed Rights Issue, the Underwriter will hold 37.02% of the capital of Cordlife and the non associated shareholders will be diluted. Whilst this would not give the Underwriter full control over Cordlife in its own right, it would confer significant influence and the ability to block special resolutions at shareholder meetings. This stake could also be used to block any takeover bid by a third party and the opportunity for non associated shareholders to realise a takeover premium in the future.

4.3 Intentions Following Proposed Transaction

The Underwriter has confirmed to Cordlife that even if it increases its holding substantially, it is the current intention of the Underwriter that it would not use their increased share ownership position to change the composition of Cordlife's board nor use its influence to change the Company's dividend policy, employment policies or any key operational matters.

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5 Valuation Methodology

5.1 Valuation Approach

Regulatory Guide 111 states that it is generally appropriate for an expert to consider using the following methodologies:

- the capitalisation of future maintainable earnings;
- the discounted cash flow method (DCF);
- the amount that would be available for distribution to security holders on an orderly realisation of assets;
- the quoted price for listed securities, when there is a liquid and active market and allowing for the fact that the quoted price may not reflect their value, should 100% of the securities be available for sale; and
- any recent genuine offers received by the company for any business units or assets as a basis for valuation of those business units or assets.

5.2 Capitalisation of Future Maintainable Earnings

The capitalisation of future maintainable earnings method capitalises future maintainable earnings using an appropriate multiple. The selection of multiple is undertaken by reviewing either guideline company data or mergers and acquisition data.

In using guideline company data, a portfolio of public companies is selected based on comparability of the subject company from which valuation multiples and other analytics are calculated. Multiples are then selected and applied to the subject entity to arrive at an indication of value. The multiples derived for guideline companies are based on share prices reflective of the trades of small parcels of shares. As such, they generally reflect multiples reflective of the prices at which portfolio interests change hands. That is there is no premium for control incorporated within such pricing. The multiples may also be impacted by the level of liquidity in the particular stock.

The same principles apply to the mergers and acquisitions data, however the multiples derived are based on an analysis of recent trades of entire companies rather than minority trades of listed companies.

5.3 Discounted Cash Flow

The discounted cash flow methodology has regard to the expected future economic benefits discounted to present value. This is considered appropriate where a forecast of future cash flows can be made with a reasonable degree of certainty. This approach is particularly relevant to the valuation of a business in its early growth stage but is equally applicable to any business with expectations of significant growth or with volatility in cash flows.

In undertaking the discounted cash flow methodology regard is generally had to:

- the projected future cash flows;
- an appropriate discount rate; and
- the perpetuity or terminal value, if any.

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5.4 Asset Based Approach

The asset based approach determines the value of the shares having regard to the market value of the underlying assets and liabilities thereof. This approach includes the following methodologies:

- going concern method;
- orderly realisation method; and
- liquidation method.

Under a going concern method, the value is derived by assessing the market value of every asset and liability on a going concern basis. This may include a premium to reflect the value of intangible assets not recorded on the balance sheet, if appropriate, to reflect market position, profitability and overall attractiveness of business. The net asset value, including any premium, can be matched to the net asset value recorded in the balance sheet, to give a price to net assets, which can then be compared to that of similar transactions or quoted companies. A net asset or cost based methodology is most appropriate for businesses where the value lies in the underlying assets and not the ongoing operations of the business (eg. real estate holding companies).

The orderly realisation method has regard to the amount that would be distributed to shareholders on the assumption that the entity would be liquidated with the funds realised from the sale of its assets, after payment of all liabilities including realisation costs and taxes, being distributed to shareholders.

The liquidation method is based on the same principles except that in the orderly realisation method, the assets are realised in an orderly manner, whereas, the liquidation method assumes that the assets are sold within a shorter time frame.

5.5 Quoted Price

This approach looks at the value of the company having regard to the trades in the subject entity's own equity. There is no premium for control incorporated within such pricing and the pricing may also be impacted by the level of liquidity in the particular stock.

5.6 Recent Genuine Offers

Any recent genuine offers received by the company for any business units or assets may be used as a basis for valuation of those business units or assets or for assessing implied multiples which may be utilised when undertaking the capitalisation of future maintainable earnings approach.

5.7 Selection of Approach & Methodology

In valuing the shares in Cordlife, we have adopted the capitalisation of future maintainable earnings as the primary methodology. In utilising the capitalisation of future maintainable earnings approach we have considered implied multiples from recent acquisitions of businesses by Cordlife.

We have not utilised the quoted price as the stock is relatively illiquid. However we have considered recent share placements that have been undertaken by the company and also compared our value derived utilising the capitalisation of earnings approach against the share price for information purposes only.

We have also compared the value derived to the net tangible assets of the company. We have insufficient information to assess the amount that could be realised on an orderly realisation basis.

We have not utilised the DCF methodology as the company has not prepared projections.

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6 Valuation of Cordlife – Capitalisation of Future Maintainable Earnings

6.1 Approach

In determining the value of Cordlife, we have utilised the capitalisation of future maintainable earnings approach, as previously defined, and adopted the following process:

- estimated future maintainable earnings;
- determined an appropriate multiple;
- concluded as to the enterprise value;
- adjusted for surplus assets and debt to derive at the equity value; and
- calculated equity value per share on an undiluted and diluted basis.

6.2 Estimated Future Maintainable Earnings

In estimating the future maintainable earnings of Cordlife we have had regard to the following:

- The business has been operating for approximately nine years.
- During this period of time the company has expanded its operations into various regions of Asia, commencing with Singapore, expanding into other parts of Asia with the Hong Kong operations commencing in 2005, Indonesia in 2007, India in 2008 and Philippines in 2010.
- The earnings of the business in 2008 and 2009 consolidated the revenue and earnings relating to ASCH which was previously 57% owned by Cordlife. In December 2008, Cordlife's interest was diluted and Cordlife now has an 8.75% interest. The financials of ASCH are therefore no longer consolidated. The 2010 financials therefore best represent the current operations of Cordlife.

Having regard to the above, in the absence of 2011 forecasts we are of the opinion that the 2010 financials best represents the future maintainable earnings of Cordlife. We have therefore adopted the 2010 forecast EBITDA of \$4 million. We note that this reflects the amount for 100% of the earnings and there would be an amount payable to minority interests. However, since the acquisition of the remaining 49% in Hong Kong, going forward, there would be no other earnings attributable to minority interests. Therefore it is appropriate to adopt the full amount of the earnings.

6.3 Multiple

To determine a valuation on an earnings basis it is necessary to apply a capitalisation rate or earnings multiple to the assessed maintainable earnings. The capitalisation rate represents the return on investment that would be required by a reasonable prudent investor in this type of business and reflects the risks and opportunities inherent in the business. The earnings multiple is the reciprocal of the capitalisation rate. The earnings multiple is applied to the future maintainable EBITDA of the company. In determining an appropriate EBITDA multiple we have considered the following factors:

Listed Guideline Company Multiples

We have considered multiples at which listed companies in the industry are trading. Our search of global share markets identified a number of companies that operate in the same or similar industry

to that of Cordlife. In identifying these companies we have focussed on entities mainly engaged in cord blood banking as well as those in the development and commercialisation of stem cell research, products and services.

A summary of the identified companies is set out below. The following should be considered when analysing the data present in the table:

- the multiples are based on share market prices as at 18 May 2010 and therefore do not include a premium for control;
- the companies trade on a variety of international share markets and therefore are not subjected to the same market forces;
- the companies have a variety of year end dates. With the exception of CCBC which has a 31 March year end, all of the international companies have a 31 December year end. As a result we have performed analysis on a trailing 12 months basis which considers the most recently reported 12 month period. In order to align Cryosite, which has a 30 June year end date, with the international comparables, we have utilised audited financial statements to re-produce the financial results for the 12 month period to 31 December 2009.
- with the exception Cryolife, all other comparable companies operate cord blood banks, however many have additional sources of income.

These have been summarised below.

Guideline Company Multiples as at 18 May 2010

Company	Domicile	Enterprise Value AUD mil ¹	Revenue Trailing 12 months ¹ AUD mil	EBITDA Trailing 12 months ¹ AUD mil	Implied EBITDA Multiple
Cryosave	Netherlands	62.4	54.2	10.0	6.2
VITA 34 International AG (Vita)	Germany	12.0	21.3	1.0	12.0
Cryolife	USA	149.9	129.2	21.7	6.9
China Cord Blood Corporation (CCBC)	USA	385.5	² 44.2	² 20.0	19.3
Cryosite Limited (Cryosite)	Australia	2.9	6.0	0.5	5.8
Medipost Co Ltd (Medipost)	South Korea	136.6	11.8	(0.2)	n/a
Cord Blood America Inc USA (Cord Blood America)	USA	44.8	3.8	(5.0)	n/a
Average (excluding illiquid stocks)					8.4
Median (excluding illiquid stock)					6.9

Source: Bloomberg and financial statements with EV as at 18 May 2010, revenue and earnings based on trailing 12 months adjusting for abnormal items.

¹ Foreign currency values have been converted to AUD using their respective closing (mid point) spot rates on 18 May 2010 as presented by Bloomberg.

² Bloomberg Earnings Estimate for the 12 months ended 31 March 2010.

A brief description of each of the above companies is provided in Appendix 3.

Our review of the above indicates the following:

- With the exception of Cryolife, all entities operate in the cord blood banking industry, although each operate in diverse geographic markets.

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- Cryosave, Vita and CCBC are expected to have growth in EBITDA of approximately 30%, 129% and 8% respectively in the following 12 months.
- No earnings estimates were available for Cryolife, Cryosite, Medipost or Cord Blood America.
- Cryosite is the only comparable entity that is listed in the ASX but is substantially smaller than Cordlife.
- The earnings margin of Cordlife is closest to that of Cryosave and Cryolife, although Cordlife is smaller than both these companies.
- CCBC and Cryosite stocks were relatively illiquid and therefore we have excluded these from our average and median calculations.
- Current year multiples excluding illiquid stocks ranged between 6.2 times and 12.0 times with an average of 8.4 times and a median of 6.9. Included therein is the multiple for Vita of 12 times. Vita is expecting earnings growth of 129% in the following 12 months which would have a significant impact on the multiple.

Comparable Transactions

In determining comparable transactions we have considered the implied multiples from recent acquisitions by Cordlife. The details of these are as follows:

- 30 November 2009 – Cordlife purchased a 10% stake in Nuoya for US\$10 million at a current implied EBITDA multiple of 12.0 times.
- 17 May 2010 – Cordlife purchased the remaining 49% in Cordlife Hong Kong for S\$2.7 million payable in three instalments and 1.5 million shares in the capital of Cordlife. This was undertaken at an implied EBITDA multiple of 5.0 times.

Our analysis of the above noted the following:

- The EBITDA multiple paid for the acquisition of the 10% interest in Nuoya does not include a premium for control. Prior to the acquisition, Cordlife did not have operations in China and therefore this acquisition presents a strategic advantage to the Company which is reflected in the high multiple.
- The acquisition of the remaining 49% interest in Cordlife Hong Kong resulted in Cordlife owning 100%. However as the Company already had a controlling stake it is possible that no control premium was paid for this interest.

Selection of Multiple

Having regard to the above, we have selected an EBITDA multiple in the range of 5 times to 6 times on a minority basis to apply to Cordlife.

6.4 Enterprise Value

Based on the above, we have derived a value for the business on a minority basis as follows:

Enterprise Value

	Low	High
Future Maintainable EBITDA	\$4.0 m	\$4.0 m
Multiple	5.0 x	6.0 x
Enterprise Value	\$20.0 m	\$24.0 m

The above EBITDA does not include earnings relating to the acquisition of the 10% investment in Nuoya and therefore the value of that investment is not included in the enterprise value. We have therefore added the amount paid by Cordlife for this investment.

The investment in Nuoya was undertaken at an implied EBITDA multiple of 12 times. This is significantly above that utilised by Pitcher Partners Corporate for Cordlife's business operations. The amount paid, however, reflects the strategic benefits expected to be received by Cordlife from this investment, particularly the collaborative opportunities to systematically market the cord blood banking services to Chinese nationals who deliver in Hong Kong. In our opinion, therefore, it is appropriate to incorporate the value at the price recently paid by Cordlife.

This results in the enterprise value increasing as follows:

Enterprise Value

	Low \$m	High \$m
Enterprise Value	20.0	24.0
Investment in Nuoya	11.1	11.1
Enterprise Value	31.1	35.1

This implies an EBITDA multiple, inclusive of the share of earnings from Nuoya, in the range of 6.2 times to 7 times EBITDA. In our opinion this is not unreasonable.

6.5 Surplus Assets & Net Debt

To arrive at the equity value of Cordlife it is important to assess the surplus assets and net debt of the business which are added to and deducted from the enterprise value respectively.

Surplus Assets & Net Debt

	\$m
Cash	7.9
Amount due from associate company	0.1
Interest bearing liabilities	(0.7)
Amount owing on acquisition of interest in Nuoya	(4.4)
Amount owing on acquisition of Cordlife Hong Kong	(2.3)
Net Cash	0.6

6.6 Value of Equity – Minority Basis

Based on the above, we have derived a value for the equity in Cordlife on a minority basis as follows:

Equity Value – Minority Basis

	Low \$m	High \$m
Enterprise Value	31.1	35.1
Net Cash	0.6	0.6
Equity Value	31.7	35.7

6.7 Premium for Control

The difference between the market value for a controlling interest and the market value of a portfolio (or non-controlling) interest in a company is referred to as the premium for control. Control premiums are paid to reflect the acquirers ability to control many aspects of the business that a minority shareholder cannot. Among other factors, these include the ability to:

- control cash flows including executive remuneration, capital expenditure and the dividend policy;
- make business strategy decisions such as changing the direction of the company or making acquisitions or divestments; and/or
- control the composition of the Board of Directors.

The trading multiples from guideline companies, as presented in section 6.3, are derived from share prices that reflect trades of small parcels of shares. As such, the trading multiples reflect the prices at which portfolio interests change hands and do not include a premium for control. Regulatory Guide 111 requires that the value of the Cordlife shares be undertaken assuming 100% ownership of the company. Accordingly we have applied a control premium to the value derived above.

In determining an appropriate control premium for Cordlife we had regard to the following:

- Historically control premiums in the Australian market have typically ranged between 20% and 30% of the pre-bid equity price.
- Our review of Bloomberg data indicated that there were 54 transactions involving merger and acquisition activity in the developed Asian markets, including Australia, medical biotechnology space over the past 12 months. Of these, 26 companies paid a premium for control, 23 of which paid a premium ranging from nil to 10%. Whilst this is significantly lower than that paid historically, in our opinion this is likely to reflect the GFC and the investor confidence in equity markets.

We have selected a control premium of nil to 10%.

6.8 Value of Equity – Control Basis

Based on the above, we have derived a value for the equity in Cordlife on a control basis as follows:

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Equity Value – Control Basis

	Low \$m	High \$m
Equity Value – Minority Basis	31.7	35.7
Control Premium	Nil	3.6
Equity Value – Control Basis	31.7	39.3
<i>Number of Shares - Undiluted</i>	<i>108.9m</i>	<i>108.9m</i>
<i>Number of Shares – Fully diluted</i>	<i>109.2m</i>	<i>109.2m</i>
Value per Share – Undiluted	29.1 cents	36.1 cents
Value per Share – Fully diluted	29.0 cents	36.0 cents

Notwithstanding the illiquidity in the market, we have compared the above to the amount paid in off market transactions in September 2009 at 41 cents per share, the amount paid by investors during the capital raising in October 2009 of 43 cents per share and the VWAP over the past month of 49 cents per share.

The values derived by Pitcher Partners of between 29 cents and 36 cents on a fully diluted basis are significantly below both the on market and off market transactions and the price paid via the private placement.

We have also compared the values derived to the net tangible assets of the Company of 29 cents per share.

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7 Evaluation and Conclusion

7.1 Fairness

In order to assess whether the Proposed Transaction is fair, we have:

- estimated the fair market value of a Cordlife share on a fully diluted control basis and compared that to the price of 32 cents set pursuant to the proposed Rights Issue and the underwriting agreement; and
- considered the effect of the costs to be incurred under the terms of the underwriting agreement.

In our opinion the fair market value of a Cordlife share on a fully diluted control basis is in the range of 29 cents to 36 cents. The consideration payable by the Underwriter for each share it acquires pursuant to underwriting any shortfall is 32 cents per share.

The Underwriter will be paid a fee of approximately \$0.6 million for underwriting the proposed Rights Issue and for the reimbursement of reasonable costs. These costs represent approximately 5% of the funds raised and in our opinion reflect commercial rates.

As the consideration payable by the Underwriter is in between the value range derived by Pitcher Partners Corporate for an ordinary share, and the costs paid to the Underwriter are at commercial rates, in our opinion the Proposed Transaction as a whole is fair.

7.2 Reasonableness

Regulatory Guide 111 states that an offer is reasonable if it is fair. It might also be reasonable if despite not being fair, the expert believes that there are sufficient reasons for security holders to accept the offer in the absence of any higher bid before the close of the offer. Regulatory Guide 111 sets out matters that the expert may consider in deciding whether an offer is reasonable.

In our opinion the Proposed Transaction is reasonable. To assess the reasonableness of the Proposed Transaction we considered the following advantages and disadvantages of the Proposed Transaction:

7.2.1 Advantages

The likely advantages to non associated shareholders if the Proposed Transaction is approved include the following:

- *The Proposed Transaction is Fair:* As stated above, an offer is considered reasonable if it is fair.
- *Support current operations and business development activities:* The proceeds from the Proposed Transaction together with the current cash reserves will enable Cordlife to support in part its current operations and business development activities. Cordlife will utilise a portion of the funds to pay the balance of two recent acquisitions, details of which were discussed in earlier sections. The remaining funds will be utilised to fund working capital, new market developments and other acquisition opportunities the Company identifies.
- *Potential increase in liquidity:* The Proposed Transaction may to some extent increase liquidity. The pricing of the Rights Issue is likely to result in the weighted average cost of a shareholders interest being reduced and therefore may result in a greater willingness to trade its holding.

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- *Renounceable issue benefits:* The structure of the renounceable Rights Issue provides shareholders with an opportunity to benefit from selling their rights/entitlement to additional Cordlife shares in the market.
- *No more attractive alternative is currently available:* Cordlife has been exploring a range of strategic alternatives to ensure the Company can maximise its growth potential and add value to its shareholders. Cordlife had sought to obtain further funds through placements however in the current environment this has proved to be difficult. Other options explored were a dual listing on another exchange and seeking privatisation. At this time, Cordlife is continuing to seek to grow shareholder value by undertaking strategic acquisitions and expanding into new business markets. The Company believes that the most efficient and effective way to achieve this is by way of a rights issue to existing shareholders. Furthermore, no alternative offers have been made for the Company.

7.3 Disadvantages

The likely disadvantages to non associated shareholders if the Proposed Transaction is approved include the following:

- *Dilution:* Completion of the Proposed Transaction is likely to significantly dilute the interests of existing non associated shareholders in Cordlife. Depending upon the subscription of shares under the Proposed Transaction by the non associated shareholders and assuming all vested options are exercised, the interest of Cordlife's non associated shareholders could decline from 83.97% to 62.98%.
- *Control:* It is possible that in aggregate the interest in Cordlife shares of the Underwriter could increase above the current level of 16.03% to 37.02% where no other Cordlife shareholders or other persons participate in or take up their entitlements under the Rights Issue.
- *Liquidity:* In the event that the Underwriter increases its shareholding via the placement of any shortfall, then there may be a concentration of ordinary shares among Cordlife's major shareholder which may result in a further reduction in market liquidity.
- *Foreign Shareholders:* Certain foreign shareholders are ineligible to participate in the Rights Issue. This would result in a dilution of their shareholding, unless they acquire the equivalent number of shares on market.

7.4 Conclusion

In our opinion, in the absence of a higher bid, the Proposed Transaction as a whole is fair and reasonable to non associated shareholders.

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Appendix 1: Glossary of Terms

A\$ or \$	Australian Dollars
AABB	American Association of Blood Banks
APCBBC	Asia Pacific Cord Blood Banks Consortium
ASCH	Australian Stem Cell Healthcare Pty Ltd
ASIC	Australian Securities and Investments Commissions
ASX	Australian Securities Exchange
Biocell	BioCell Pty Ltd
CCBC	China Cord Blood Corporation
Cellsafe	Cellsafe International Sdn Bhd
Cellsense	Cellsense Pty Ltd
Cord Blood America	Cord Blood America Inc USA
Cordlife or the Company	Cordlife Limited
Cordlife India	Cordlife Sciences India Pvt Ltd
Cordlife Indonesia	P.T. Cordlife Indonesia
Cordlife Hong Kong	Cordlife (Hong Kong) Limited
Cordlife Philippines	Cordlife Medical Philippines Inc
Cordlife Singapore	Cordlife Pte Ltd
Corporations Act	Corporations Act 2001
Cygenics Thailand	Cygenics (Thailand) Ltd
Cryobanks India	Cryobanks International India Pvt. Ltd.
Cryosave	Cyro-Save Group N.V.
Cryosite	Cyosite Limited
Cytromatrix	Cytromatrix Pty Ltd
DCF	Discounted Cash Flow

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EBIT	Earnings Before Interest and Tax
EBITDA	Earnings Before Interest, Tax, Depreciation and Amortisation
EUR	Euro
FDA	US Food and Drug Administration
GFC	Global Financial Crisis
HealthBaby	HealthBanks Biotech Co. Ltd
HKD	Hong Kong Dollars
Kalbe Farma	PT Kalbe Farma
Lifecell	Lifecell International
Medipost	Medipost Co Ltd
NASDAQ	National Association of Securities Dealers Automated Quotations
Nuoya	Municipality Tianhe Nuoya Bio-engineering Co Ltd
NYSE	New York Stock Exchange
Pharmacell	PharmaCell BV
Pitcher Partners Corporate	Pitcher Partners Corporate Pty Ltd
RP	Rupiah
Rs	Rupee
S\$	Singapore dollars
Stemcord	Stemcord Pte Ltd
US\$	US Dollars
Vita	VITA 34 International AG
VWAP	Volume Weighted Average Share Price

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Appendix 2: Sources of Information

In preparing this report we have had regard to the following information:

- ASIC Regulatory Guide 111 and 112
- Draft Explanatory Memorandum prepared by Middletons
- Cordlife Annual Report for the years ended 30 June 2008 and 30 June 2009
- Cordlife condensed Half Year Financial Report for the period ended 31 December 2009
- Cordlife forecast for the year ended 30 June 2010
- Cordlife ASX announcements
- Cordlife organisational structure
- Resumes for executive and non executive directors
- Cordlife operating structure
- Cordlife SWOT analysis
- Cordlife market and competitor information
- Information on each of the Cordlife regions supplied by management
- Bloomberg and publicly available information including company descriptions and operations available on the internet
- Financials for comparables extracted from Bloomberg
- Cordlife share information as at 17 May 2010 provided by Link Market Services Ltd
- Bloomberg trading details for Cordlife stock and the All Ordinaries Index
- Broker report, the University of Kansas School of Business, China Cord Blood Corporation, August 2009
- EGE Institutional Research Report, CryoLife, 23 February 2010
- Broker report, Shinhan Investment Group, Medipost, 18 January 2010
- Broker report, Daniel Steward & Company, Cryosave, 22 March 2010
- Broker report, First Berlin Equity Research, Vita, 16 April 2010
- Broker report, Cryosave 2008 and 2009 Annual Reports
- Vita 2008 and 2009 Annual Reports
- Cryolife 2008 and 2009 Annual Reports
- CCBC Form 6-K for the period to 31 December 2010
- CCBC Form 6-K for the period to 30 September 2010
- Cryosite Half Year Financial Report to 31 December 2008 and 2009
- Cryosite 2008 and 2009 Annual Reports
- Cord Blood America Form 10-K for the 2008 and 2009 Financial Year

In addition to the above, we had regard to information obtained on the operations and financials of the Company during discussions with management.

Appendix 3: Guideline Companies

Set out in the table below is the historical and forecast revenue and earnings of the guideline companies.

Guideline Companies

Company	Domicile	Presentation Currency (FX)	Revenue Trailing 12 months FX mil	Revenue Forecast 12 months FX mil	EBITDA Trailing 12 months FX mil	EBITDA Forecast FX mil
Cryosave	Netherlands	EUR	38.4	43.7	7.1	9.2
Vita	Germany	EUR	15.1	15.5	0.7	1.6 ³
Cryolife	USA	USD	111.7	120.5	18.8	n/a
CCBC	Hong Kong	USD	¹ 38.2	² 48.6	¹ 17.3	² 18.7
Cryosite	Australia	AUD	6.0	n/a	0.5	n/a
Medipost	South Korea	KRW	11,830	14,500	(200.0)	n/a
Cord Blood America	USA	USD	3.24	n/a	(4.28)	n/a

Source: Bloomberg and financial statements with EV as at 17 May 2010

¹ Bloomberg Earnings Estimate for the 12 months ended 31 March 2010.

² Bloomberg Earnings Estimate for the 12 months ended 31 March 2011.

³ Pitcher Partners Corporate estimate utilising Bloomberg EBIT forecast and historical depreciation and amortisation expenses

A brief summary of the history and operations of the above listed companies is set out below.

Cryosave

Cryosave is an emerging healthcare services group that focuses on the collection, processing and storage of human, adult stem cells collected from the umbilical cord blood and the umbilical cord itself at birth. The entity trades in 38 countries, most of which are European and claims to represent 50% of the total European stem cell market.

Cryosave listed on the NYSE Euronext Amsterdam on 22 October 2009 and has traded on the AIM London Stock Exchange since 2007.

In 2009 the business acquired Salus Futura, an Italian service company, completed a new flagship processing and storage facility in Belgium, commenced operations in India and rolled out to a number of countries its new service which is to store the cord tissue itself in addition to the stem cells from the umbilical cord blood.

Revenue over the 12 months to 31 December 2009 increased to EUR38.4 million from EUR29.5 million in the prior 12 month period. EBITDA improved to EUR7.1 million from EUR4.0 million in the prior 12 month period.

Revenue has been forecast to increase further to EUR43.7 million in 2010 with an EBITDA of EUR9.2 million.

Vita

Vita is a German based biotechnology company that specialises in the collection and banking of umbilical cord blood and is the only private umbilical cord bank in Germany that has its own marketing authorisation for allogenic umbilical cord blood preparations. Founded in Germany in

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1997, Vita now has a presence in a number of European countries including Germany, Spain, Austria and Switzerland and as of 2009, Italy and Slovenia as well as holding a non-controlling stake in Cord Blood America.

Vita has been listed on the Prime Standard segment of the Frankfurt Stock Exchange since March 2007.

The revenue generated by Vita was relatively stable over three financial years to December 2009 at EUR15.4 million, EUR15.0 million and EUR15.1 million respectively. Over the same period, the business generated EBITDA losses of EUR0.4 million and EUR1.8 million in the 2007 and 2008 financial years before recording an EBITDA profit of approximately EUR0.7 million in the 2009 financial year. The increase in losses in the 2008 financial year reflected the global financial which reduced the revenue and earnings of the business. Revenue has been forecast to remain steady at EUR15.5 million in 2010 with an EBITDA of EUR1.6 million

Cryolife

Cryolife was founded in 1984 and is involved in the cryopreservation of human tissue for cardiovascular, vascular and orthopaedic transplant applications and the development, manufacture and commercialisation of medical devices for cardiac and vascular transplant applications.

Cryolife is listed on the NYSE and is headquartered in Atlanta, Georgia, USA. In 2009 Cryolife was listed among the Fortune Small Business magazine's list of the top 100 fastest growing small public companies in America.

The majority of Cryolife's revenue is sourced from the United States with just 16% of total revenue being sourced internationally.

Cryolife has grown its revenue from approximately US\$105.1 million in the 2008 financial year to approximately US\$111.7 million over the 12 months to December 2009 whilst maintaining an EBITDA margin of 17%. Analysts are forecasting revenue to increase to US 120.5 million over the 2010 financial year and a further increase to approximately US\$131.0 in the 2011 financial year.

CCBC

CCBC is mainly engaged in the collection and storage of umbilical cord blood stem cells as well as the provision of laboratory testing and hematopoietic stem cell processing. The business operates in Northern China and has operations in the Asia Pacific region. CCBC holds three of the six licenses issued by the Ministry of Health of China.

95% of China Cord Bloods' revenue is generated from initial subscription fees. Much like Cordlife, new subscribers are charged an initial set-up fee and then annual storage fees. The remaining 5% of revenue is generated from cord blood matching and transplant services.

CCBC is headquartered in Hong Kong and is listed on the NYSE Euronext on 19 November 2009.

Historically CCBC has seen large swings in its operating results. Whilst at first experiencing losses, the company quickly made significant strides in revenues, margins and profit. Revenue is expected to increase to US\$48.6 million from US\$38.2 million with EBITDA expected to increase to US\$18.7 million from US\$17.3 million.

Cryosite

Cryosite provides an integrated biological storage and sample management service to the medical industries in Australia and New Zealand. The services offered include the collection, processing

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and storage of cord blood stem cells, the archival storage of biological material for biological based industries and the storage and distribution of temperature critical products such as pharmaceuticals, cell lines, micro-organisms and diagnostic reagents.

Cryosite listed on the ASX in May 2002 and is based in Sydney, Australia.

Cryosite's revenue has been steady at approximately \$6 million. It has generated small profits in each of the years. No earnings estimates were available for Cryosite.

Medipost

Medipost is a Korean based biotechnology company that specialises the operation of cord blood banks, stem cell banks and the provision of stem cell transplant services.

Medipost was established in June 2000 and is listed on the Korea Stock Exchange.

Revenue and earnings over the past three years have been declining and the company generated losses over the 12 months to December 2009.

Cord Blood America

Cord Blood is primarily a holding company whose subsidiaries include Cord Partners, CorCell Co Inc, CorCell Ltd, CBA Professional Services Inc, D/B/A BodyCells Inc, CBA Properties Inc, Career Channel Inc and D/B/A Rainmakers International. The consolidated entity specialises in the provision of private cord blood stem cell preservation.

Cord Blood list listed on the NASDAQ and is headquartered in Las Vegas, Nevada, USA.

Cord Blood America is relatively small, has had declining revenues and is generating losses.

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Appendix 4: Disclaimer

The report has been prepared at the request of the Independent Directors of Cordlife and is to be incorporated in the Explanatory Memorandum to be given to shareholders for approval of the Proposed Transaction. Accordingly, it has been prepared only for the benefit of the Independent Directors and those persons entitled to receive the Explanatory Memorandum in their assessment of the Proposed Transaction as outlined in the report and should not be used for any other purpose.

The report represents solely the expression by Pitcher Partners Corporate of its opinion as to whether the Proposed Transaction is fair and reasonable to the non-associated shareholders. Pitcher Partners Corporate consents to this report being incorporated in the Explanatory Memorandum.

Statements and opinions contained in this report are given in good faith but, in the preparation of this report, Pitcher Partners Corporate has relied upon the information provided by the Directors and Senior Management of Cordlife. Pitcher Partners Corporate does not imply, nor should it be construed, that it has carried out any form of audit or verification on the information and records supplied to us other than as required in accordance with RG111.74 to RG111.78. Drafts of our report were issued to the Independent Directors of Cordlife for confirmation of factual accuracy.

Furthermore, recognising that Pitcher Partners Corporate may rely on information provided by Cordlife and its respective officers and/or associates, Cordlife has agreed to make no claim by it or its officers and/or associates against Pitcher Partners Corporate to recover any loss or damage which Cordlife, or its associates may suffer as a result of that reliance and also has agreed to indemnify Pitcher Partners Corporate against any claim arising out of this engagement, except where the claim has arisen as a result of any proven wilful misconduct or negligence by Pitcher Partners Corporate.

Pitcher Partners Corporate is the wholly owned licensed corporate advisory entity of Pitcher Partners, Chartered Accountants. Pitcher Partners is a chartered accounting firm providing a full range of accounting and advisory services.

The Directors of Pitcher Partners Corporate involved in the preparation of this report were Piera Murone and Brendan Britten. Each person is a representative of Pitcher Partners Corporate and has many years experience in the provision of corporate financial advice, including specific advice on valuations, mergers and acquisitions, as well as the preparation of expert reports.

Neither Pitcher Partners Corporate Pty Ltd, Pitcher Partners, nor any partner or executive or employee thereof has any financial interest in the outcome of the Proposed Transaction.

Pitcher Partners Corporate is to receive a fee relating to the preparation of this report of \$60,000 plus GST based on time spent at normal professional rates.

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Appendix 5: Financial Services Guide

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Financial Services Guide

What is a Financial Services Guide?

This Financial Services Guide ("FSG") is an important document the purpose of which is to assist you in deciding whether to use any of the general financial product advice provided by Pitcher Partners Corporate Pty Ltd. The use of "we", "us" or "our" is a reference to Pitcher Partners Corporate Pty Ltd as the holder of Australian Financial Services Licence ("AFSL") No. 229841. The contents of this FSG include:

- who we are and how we can be contacted
- what services we are authorised to provide under our AFSL
- how we (and any other relevant parties) are remunerated in relation to any general financial product advice we may provide.
- details of any potential conflicts of interest
- details of our internal and external dispute resolution systems and how you can access them.

Information about us

We have been engaged by the Independent Directors of Cordlife Limited to give general financial product advice in the form of a report to be provided to you in connection with a financial product to be issued by another party. You are not the party or parties who engaged us to prepare this report. We are not acting for any person other than the party or parties who engaged us. We are required to give you an FSG by law because our report is being provided to you. We are only responsible for the financial product advice provided in our report and for the contents of this FSG. You may contact us by writing to GPO Box 5193, MELBOURNE VIC 3001, or by telephone on +61 (0) 3 8610 5000.

Pitcher Partners Corporate Pty Ltd is ultimately owned by the Victorian partnership of Pitcher Partners, a provider of audit and assurance, accounting, tax, corporate advisory, insolvency, superannuation, investment advisory and consulting services. Directors of Pitcher Partners Corporate Pty Ltd are partners of Pitcher Partners.

The Victorian partnership of Pitcher Partners is an independent partnership of Pitcher Partners. As such, neither it nor any of the other independent partnerships has any liability for each other's acts or omissions. Each of the member firms is a separate and independent legal entity operating under the name "Pitcher Partners", or other related names.

The financial product advice in our report is provided by Pitcher Partners Corporate Pty Ltd and not by the Victorian partnership of Pitcher Partners or its related entities.

We do not have any formal associations or relationships with any entities that are issuers of financial products. However, we and the Victorian partnership of Pitcher Partners (and its related bodies corporate) may from time to time provide professional services to financial product issuers in the ordinary course of business.

What financial services are we licensed to provide?

The AFSL we hold authorises us to provide the following financial services to both retail and wholesale clients:

- to provide general financial product advice only in respect of securities, derivatives, debentures, stocks or bonds issued or proposed to be issued by a government and interests in managed investment schemes including investor directed portfolio services and deposit and payment products limited to basic deposit products and deposit products other than basic deposit products.

Information about the general financial product advice we provide

The financial product advice provided in our report is known as "general advice" because it does not take into account your personal objectives, financial situation or needs. You should consider whether the general advice contained in our report is appropriate for you, having regard to your own personal objectives, financial situation or needs.

If our advice is being provided to you in connection with the acquisition or potential acquisition of a financial product issued by another party, we recommend you obtain and read carefully the relevant Product Disclosure Statement ("PDS") or offer document provided by the issuer of the financial product. The purpose of the PDS or offer document is to help you make an informed decision about the acquisition of a financial product. The contents of the PDS or offer document will include details such as the risks, benefits and costs of acquiring the particular financial product.

How are we and our employees remunerated?

Our fees are usually determined on an hourly basis; however they may be a fixed amount or derived using another basis. We may also seek reimbursement of any out-of pocket expenses incurred in providing the services.

Fee arrangements are agreed with the party or parties who actually engage us and we confirm our remuneration in a written letter of engagement to the party or parties who actually engage us.

Neither Pitcher Partners Corporate Pty Ltd nor its directors and officers, nor any related bodies corporate or associates and their directors and officers, receives any commissions or other benefits, except for the fees for services rendered to the party or parties who actually engage us. Our fees for such services are based on time spent at our professional hourly rates.

All of our employees receive a salary with partners also having an equity interest in the partnership. We do not receive any commissions or other benefits arising directly from services provided to you. The remuneration paid to our directors reflects their individual contribution to the company and covers all aspects of performance.

We do not pay commissions or provide other benefits to other parties for referring prospective clients to us.

What should you do if you have a complaint?

If you have any concerns regarding our report, you may wish to advise us. Our internal complaint handling process is designed to respond to your concerns promptly and equitably. Please address your complaint in writing to:


The Managing Partner
Pitcher Partners
GPO Box 5193
MELBOURNE VIC 3001


If you are not satisfied with the steps we have taken to resolve your complaint, you may contact the Financial Ombudsman Service Limited ("FOSL"). FOSL provides free advice and assistance to consumers to help them resolve complaints relating to members of the financial services industry. Complaints may be submitted to FOSL at:


Financial Ombudsman Service Limited
GPO Box 3
MELBOURNE VIC 3001
Telephone: 1300 780 808
Fax: +61 3 9613 6399
Internet: <http://www.fos.org.au>

The Australian Securities and Investments Commission ("ASIC") regulates Australian companies, financial markets, financial services organisations and professionals who deal and advise in investments, superannuation, insurance, deposit taking and credit. Their website contains information on lodging complaints about companies and individual persons and sets out the types of complaints handled by ASIC. You may contact ASIC as follows:

Info line: 1 300 300 630
Email: info@asic.gov.au
Internet: <http://www.asic.gov.au/asic/asic.nsf>

 **By mail:**
Cordlife Limited
C/- Link Market Services Limited
Locked Bag A14
Sydney South NSW 1235 Australia

 **By fax:** 02 9287 0309
Overseas: +61 2 9287 0309

 **All enquiries to: Telephone:** 1300 554 474

SHAREHOLDER VOTING FORM

I/We being a member(s) of Cordlife Limited and entitled to attend and vote hereby appoint:

STEP 1 **APPOINT A PROXY**

the Chairman of the Meeting (mark box) **OR** if you are **NOT** appointing the Chairman of the Meeting as your proxy, please write the name of the person or body corporate (excluding the registered shareholder) you are appointing as your proxy

or failing the person/body corporate named, or if no person/body corporate is named, the Chairman of the Meeting, as my/our proxy to act generally at the meeting on my/our behalf and to vote in accordance with the following instructions (or if no directions have been given, as the proxy sees fit) at the Extraordinary General Meeting of the Shareholders of Cordlife Limited (Cordlife) to be held at 11:30am on Friday, 9 July 2010 simultaneously via video conference at the offices of:

- Middletons, Level 25, 525 Collins Street, Melbourne at 11:30am (Melbourne time); and
- CordLife, 61 Science Park Road, #05-16/17/18, The Galen, Singapore Science Park II, Singapore at 9:30am (Singapore time) and at any adjournment of that meeting.


Where more than one proxy is to be appointed or where voting intentions cannot be adequately expressed using this form an additional form of proxy is available on request from the share registry. Proxies will only be valid and accepted by the Company if they are signed and received no later than 48 hours before the meeting. The Chairman of the Meeting intends to vote undirected proxies in favour of all items of business.

Proxies will only be valid and accepted by the Company if they are signed and received no later than 48 hours before the meeting.

Please read the voting instructions overleaf before marking any boxes with an

STEP 2 **VOTING DIRECTIONS**

Resolutions	For	Against	Abstain*
1 Appointment of China Stem Cells (East) Company Limited as underwriter to Rights Issue	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

 * If you mark the Abstain box for a particular Item, you are directing your proxy not to vote on your behalf on a show of hands or on a poll and your votes will not be counted in computing the required majority on a poll.

STEP 3 **IMPORTANT - VOTING EXCLUSIONS**

If the Chairman of the Meeting is appointed as your proxy, or may be appointed by default and you do not wish to direct your proxy how to vote as your proxy in respect of Item 1 above, please place a mark in this box. By marking this box, you acknowledge that the Chairman of the Meeting may exercise your proxy even though he/she has an interest in the outcome of that Item and that votes cast by him/her for that Item, other than as proxyholder, would be disregarded because of that interest. If you do not mark this box, and you have not directed your proxy how to vote, the Chairman of the Meeting will not cast your votes on Item 1 and your votes will not be counted in calculating the required majority if a poll is called on this Item.
The Chairman of the Meeting intends to vote undirected proxies in favour of Item 1.

STEP 4 **SIGNATURE OF SHAREHOLDERS - THIS MUST BE COMPLETED**

Shareholder 1 (Individual) <input type="text"/> Sole Director and Sole Company Secretary	Joint Shareholder 2 (Individual) <input type="text"/> Director/Company Secretary (Delete one)	Joint Shareholder 3 (Individual) <input type="text"/> Director
--	---	--

This form should be signed by the shareholder. If a joint holding, either shareholder may sign. If signed by the shareholder's attorney, the power of attorney must have been previously noted by the registry or a certified copy attached to this form. If executed by a company, the form must be executed in accordance with the company's constitution and the *Corporations Act 2001* (Cth).



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HOW TO COMPLETE THIS PROXY FORM

Your Name and Address

This is your name and address as it appears on the company's share register. If this information is incorrect, please make the correction on the form. Shareholders sponsored by a broker should advise their broker of any changes. **Please note: you cannot change ownership of your shares using this form.**

Appointment of a Proxy

If you wish to appoint the Chairman of the Meeting as your proxy, mark the box in Step 1. If the person you wish to appoint as your proxy is someone other than the Chairman of the Meeting please write the name of that person in Step 1. If you leave this section blank, or your named proxy does not attend the meeting, the Chairman of the Meeting will be your proxy. A proxy need not be a shareholder of the company. A proxy may be an individual or a body corporate.

Votes on Items of Business - Proxy Appointment

You may direct your proxy how to vote by placing a mark in one of the boxes opposite each item of business. All your shares will be voted in accordance with such a direction unless you indicate only a portion of voting rights are to be voted on any item by inserting the percentage or number of shares you wish to vote in the appropriate box or boxes. If you do not mark any of the boxes on the items of business, your proxy may vote as he or she chooses. If you mark more than one box on an item your vote on that item will be invalid.

Appointment of a Second Proxy

You are entitled to appoint up to two persons as proxies to attend the meeting and vote on a poll. If you wish to appoint a second proxy, an additional Proxy Form may be obtained by telephoning the company's share registry or you may copy this form and return them both together.

To appoint a second proxy you must:

- (a) on each of the first Proxy Form and the second Proxy Form state the percentage of your voting rights or number of shares applicable to that form. If the appointments do not specify the percentage or number of votes that each proxy may exercise, each proxy may exercise half your votes. Fractions of votes will be disregarded.
- (b) return both forms together.

Signing Instructions

You must sign this form as follows in the spaces provided:

Individual: where the holding is in one name, the holder must sign.

Joint Holding: where the holding is in more than one name, either shareholder may sign.

Power of Attorney: to sign under Power of Attorney, you must lodge the Power of Attorney with the registry. If you have not previously lodged this document for notation, please attach a certified photocopy of the Power of Attorney to this form when you return it.

Companies: where the company has a Sole Director who is also the Sole Company Secretary, this form must be signed by that person. If the company (pursuant to section 204A of the *Corporations Act 2001*) does not have a Company Secretary, a Sole Director can also sign alone. Otherwise this form must be signed by a Director jointly with either another Director or a Company Secretary. Please indicate the office held by signing in the appropriate place.


Corporate Representatives


If a representative of the corporation is to attend the meeting the appropriate "Certificate of Appointment of Corporate Representative" should be produced prior to admission in accordance with the Notice of Meeting. A form of the certificate may be obtained from the company's share registry.


Lodgement of a Proxy Form

This Proxy Form (and any Power of Attorney under which it is signed) must be received at an address given below by 11:30am on Wednesday, 7 July 2010, being not later than 48 hours before the commencement of the meeting. Any Proxy Form received after that time will not be valid for the scheduled meeting.

Proxy Forms may be lodged using the reply paid envelope or:

 **by mail:**
Cordlife Limited
C/- Link Market Services Limited
Locked Bag A14
Sydney South NSW 1235
Australia

 **by fax:**
02 9287 0309 or +61 2 9287 0309

 **by hand:**
delivering it to Link Market Services Limited, Level 12, 680 George Street, Sydney NSW 2000.

If you would like to attend and vote at the Extraordinary General Meeting, please bring this form with you.
This will assist in registering your attendance.