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(ACN 108 051 529)



16 June 2010

Dear Shareholder

### **Cordlife Limited share offer: 1 for 3 Renounceable Rights Issue**

As recently announced, Cordlife Limited ACN 108 051 529 (**Cordlife**) is seeking to raise additional capital via a renounceable rights issue to current shareholders (**Rights Issue**).

Under the Rights Issue, Cordlife is seeking to raise approximately AUD\$11.62 million. The Rights Issue is fully underwritten (subject to shareholder approval) by China Stem Cells (East) Company Limited (**CSC East**). Under the underwriting agreement the Underwriter has agreed to subscribe for any shortfall under the Rights Issue.

The structure of a Rights Issue has been designed to provide the maximum opportunity to existing Cordlife shareholders to subscribe for further shares in the Company.

In section 1 of this letter we have outlined the terms of the Rights Offer and in section 2 included details of the impact on the Cordlife share capital as a result of the issue of shares under the offer and also the possible impact on the Underwriter's relevant interest in Cordlife shares. It is important that you should read this Letter in its entirety before making any investment decision (including the risk factors detailed in section 7).

#### **1. Rights Issue Offer**

##### **1.1 Offer to eligible shareholders**

Cordlife invites you, as an eligible shareholder, to participate in a renounceable pro rata rights issue - available to shareholders recorded on the register of Cordlife members on 15 June 2010 (**Record Date**), on the basis of offering for subscription one fully paid new share for every three existing share held (rounded up to the nearest whole number) and otherwise in accordance with the terms set out in this Offer Letter.

Details of your entitlement are contained in the attached personalised Application Form.

##### **1.2 Issue Price under Rights Issue**

It is intended that the Rights Issue Shares be offered at an issue price of AUD\$0.32 per Cordlife Share. This is below the current market price as at 11 June 2010.

The issue price under the Rights Issue is approximately a 35% discount to the 30 day volume average price for Cordlife shares on the Official List of the Australian Stock Exchange as at 11 June 2010.

By way of background to the movements in Cordlife share price –

<b>Date</b>	<b>Share Price</b>
IPO and Listing – 18 June 2004	AUD\$1.00 per share
Highest price since listing 18 June 2004	AUD\$1.06
30 day volume averaged weighted price prior to the date of this letter	49 cents per share
Issue Price under the Rights Issue	32 cents per share

### **1.3 Foreign shareholders**

All registered shareholders whose registered addresses are within Australia, New Zealand, and Singapore (**Eligible Jurisdictions**) on the Record Date will be eligible to participate in the Rights Issue (**Eligible Shareholders**).

The Company has decided to appoint Anziex Limited as an ASIC approved nominee to sell the rights to which shareholders with a registered address outside the Eligible Jurisdictions (**Excluded Shareholders**) at the Record Date are entitled. Only Anziex Limited will deal with these entitlements of the Excluded Shareholders. This letter will not be sent to any Excluded Shareholder, nor will any Entitlement and Acceptance Forms received by the Company be valid if they are sent from a U.S. address or through the U.S. mail. The net proceeds of the sale of those rights (if any) will then be forwarded as soon as practicable to Excluded Shareholders. The Excluded Shareholders will be advised as to how their entitlement will be dealt with and these net proceeds remitted.

### **1.4 Rights Trading**

The rights to Rights Issue Shares under the Rights Issue are renounceable.

This provides the Eligible Shareholders who do not wish to subscribe for some or all of their Rights Issue Shares an opportunity to sell those rights in order to realise value which may attach to those rights. Trading of rights will commence on ASX on 8 June 2010 and will cease on close of trading on 12 July 2010, 3 days after the Shareholder's Meeting (see section 2.4 below). Rights to which you are entitled may be sold on ASX between these dates.

## 2. Impact of the Rights Issue on share capital

### 2.1 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 excluding any Shares that issue upon the exercise of any options after that date of this Offer ).

### 2.2 Share capital structure

The following table details the Company's existing share capital and details of the change in 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.

### 2.3 Use of funds raised

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.

### 2.4 Underwriting

The Rights Issue is underwritten by China Stem Cells (East) Company Limited, a company incorporated in the British Virgin Islands (**Underwriter**). The Underwriter is 'associated' (as defined in the *Corporations Act 2001*) with Mr Kam and Mr Kong, who are existing directors of the Company.

As the Underwriter is a related party (as defined in the *Corporations Act 2001*) of the Company, the Company has decided to seek shareholder approval at a general meeting of shareholders (**Shareholder Meeting**) for the Company to enter the Underwriting Agreement with the Underwriter, the appointment of the Underwriter to act as underwriter of this Rights Issue and the issue by the Company of any shares (if there is a shortfall) to the Underwriter pursuant to the terms of the Underwriting Agreement (**Resolutions**).

This Shareholder Meeting is scheduled to take place on 9 July 2010. An independent expert's report dated 21 May 2010 (**Expert's Report**) prepared by Pitcher Partners for the consideration of the Resolutions at the Shareholder Meeting provides an opinion that the fair market value of the Company is between 29 cents and 36 cents. A copy of the Expert's Report (forming part of the notice of meeting for the Shareholder Meeting) can be found on the Company's website at [www.cordlife.com](http://www.cordlife.com) (and the ASX website) from approximately 8 June 2010.

If the shareholders do not approve the Resolutions, the Rights Issue will continue to be offered to shareholders, but it will not be underwritten. If the Rights Issue is not underwritten, the Company cannot estimate the amount of funds that may be subscribed by current shareholders. If the Resolutions are approved by shareholders, the Company will receive subscriptions of approximately \$11.62 million (before fees and costs of the underwriting).

Where the Resolutions are approved, the Underwriter will be paid a fee for underwriting the Rights Issue equivalent to 5% of all funds raised pursuant to Rights Issue and will be reimbursed for any reasonable legal costs and disbursements incurred by the Underwriter in connection with the preparation of the underwriting agreement.

## **2.5 Effect on “relevant interest” of the Underwriter 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%

### 3. Timetable

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

Initial announcement of Rights Issue, lodgement of Appendix 3B and s708AA notice	4 June 2010
Dispatch of Appendix 3B information letter to shareholders	4 June 2010
"Ex" Date (i.e. date from which securities are quoted on an ex basis and rights trading starts)	8 June 2010
Record Date (i.e. date for determining entitlement to participate in the Rights Issue)	15 June 2010
Dispatch of Rights Issue offer document and personalised Entitlement and Acceptance Form	18 June 2010
Shareholder Meeting (to approve the Underwriter – see section 2.4 above)	9 July 2010

Rights trading ends	12 July 2010
Closing Date	19 July 2010
Company notifies ASX of under subscriptions	22 July 2010
Allotment of Rights Issue Shares and despatch of holding statements	26 July 2010
Trading of Rights Issue Shares 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.

#### 4. Acceptance

A personalised Entitlement and Acceptance Form and a reply-paid envelope is enclosed with this letter. The Entitlement and Acceptance Form shows the number of Rights Issue Shares to which you are entitled. Fractional entitlements have been rounded up.

You may accept part or all of your entitlement by completing the Entitlement and Acceptance Form and returning it with subscription monies in accordance with the instructions set out on the reverse side of the Entitlement and Acceptance Form prior to the Closing Date.

To the extent you decide not to accept all or part of your entitlement, or fail to do so by the Closing date, your rights to participate in the Rights Issue offer will lapse and your percentage shareholding in the Company will be diluted.

If you wish to take up all or part of your entitlement under the Rights Issue, the Entitlement and Acceptance Form should be completed in accordance with the instructions in the form and sent to:

Mailing Address:

**Cordlife Limited**

C/- Link Market Services Limited  
 Locked Bag A14  
 Sydney South NSW 1235

Hand Delivery:

**Cordlife Limited**

C/- Link Market Services Limited  
 Level 12, George Street  
 Sydney NSW2000

Applications must be received no later than 5.00pm on the Closing Date of 19 July 2010. Payment for the Rights Issue Shares should accompany the Entitlement and Acceptance Form. Payment must be made in full and must be in the form of a cheque in Australian currency, drawn on an Australian bank, marked "Not Negotiable" and made payable to "Cordlife Limited – Rights Issue Account".

Alternatively, you may arrange for the payment of subscription monies through BPAY® in accordance with the instructions on the Entitlement and Acceptance Form

If you do not wish to take up any part of your entitlement under the Rights Issue, no action is required. Note, if you do not take up your entitlement under the Rights Issue, your percentage holding in the Company will be diluted to a degree.

## **5. Allotment and ranking**

### **5.1 Allotment**

The shares which are the subject of the Right Issue will be allotted and issued with holding statements dispatched, in accordance with the Timetable detailed in section 3. It is expected that shares will be allotted and that shareholder statements will be dispatched on 26 July 2010.

### **5.2 Ranking**

Shares issued pursuant to the Rights Issue will rank equally with all existing ordinary shares on issue.

Further details of the rights and liabilities attaching to ordinary shares are set out in the Company's constitution, a copy of which is available for inspection at the Company's registered offices during normal business hours. The Company has made application to the ASX for quotation of the Rights Issue Shares.

## **6. Risk factors**

Investment in the Company involves risks which may be higher than the risks associated with an investment in other companies. The shares to be issued under the Rights Issue carry no guarantee with respect to the payment of dividends, returns of capital or the market value of the shares.

Before deciding to participate in any of the offers detailed in this Letter, you should refer to announcements made by the Company to the ASX to ensure you understand the operations of the Company and appreciate the risks involved with investing in the Company. Further, you should consider the investment in the context of your individual risk profile for speculative investments, investment objectives and individual financial circumstances.

The following is a brief summary of some of the key risk factors:

### **(a) Innovative technological development:**

- (i) Changes in the cord blood banking industry and technology (especially if the Company is not able to keep pace with technological change) could render the Company's services uncompetitive or obsolete, which could cause the Company's revenue to decline.
- (ii) The continued acceptance of cord blood banking may be adversely affected if there are no new developments to overcome some of the technical and therapeutic limitations of cord blood in medical treatment
- (iii) The demand for cord blood banking may drop if other types of therapy are shown to be more competitive and therapeutically more advantageous.

**(b) Operational risks**

If there was ever a failure of the storage environment or unintended leakage of confidential client information, the Company's reputation and business will suffer.

**(c) Regulatory risk:**

The Company's business will be materially adversely affected if government regulators in the jurisdictions:

- (i) prohibit the Company from offering its service in various the jurisdictions.
- (ii) subject the Company's operations to regulations that impose significant cost and restrictions.
- (iii) subject devices and reagents used in the Company's processing of cord blood to additional or expensive regulations or cease the importation or manufacture of the items used.

**(d) Government subsidies:**

If there was a termination of the government programmes that subsidise cord blood banking in Singapore, that termination would adversely affect the affordability of the service in our key market.

**7. Further enquiries**

You should consult your own stockbroker, solicitor, accountant or other professional adviser before deciding whether or not to participate in the Rights Issue.

If you have any questions regarding the Rights Issue or require any further information, please contact the Company on the following numbers:

For Shareholders calling within Australia: 1300 880 472

For Shareholders calling from outside Australia: +612 8280 7495.

Yours faithfully



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**Andrew Lord  
Company Secretary  
15 June 2010**



SRN/HIN:

**Number of Eligible Shares held as  
at the Record Date, 7:00pm (AEST)  
on 15 June 2010:**

**Entitlement to New Shares  
(on a 1 New Share for 3 basis):**

**Amount payable on full acceptance  
at A\$0.32 per Share:**

**Offer Closes 5:00pm (AEST): 19 July 2010**

## ENTITLEMENT AND ACCEPTANCE FORM

As an Eligible Shareholder you are entitled to acquire 1 New Share for every 3 Existing Shares that you hold on the Record Date, at an Offer Price of A\$0.32 per New Share. This is an important document and requires your immediate attention. If you do not understand it or you are in doubt as how to deal with it, you should contact your accountant, stockbroker, solicitor or other professional adviser.

**IMPORTANT:** The Offer is being made under the Offer Document dated [Offer Document Date]. The Offer Document contains information about investing in the New Shares. Before applying for New Shares, you should carefully read the Offer Document. This Entitlement and Acceptance Form should be read in conjunction with the Offer Document.

If you do not have a paper copy of the Offer Document, you can obtain a paper copy at no charge, by calling the Cordlife Limited Offer Information Line on 1300 880 472 (within Australia) or +61 2 8280 7495 (from outside Australia).

### PAYMENT OPTIONS – If you wish to take up all or part of your entitlement, you have two payment options detailed below.

#### OPTION 1: PAYING BY BPAY®

If paying by BPAY®, refer to the instructions overleaf. **You do NOT need to return this acceptance form if you elect to make payment by BPAY®.** Payment must be received via BPAY® before 5:00pm (AEST) on 19 July 2010. You should check the processing cut off-time for BPAY® transactions with your bank, credit union or building society to ensure your payment will be received by the Registry in time. By paying by BPAY® you will have deemed to have completed an Application Form for the number of Shares subject of your application payment.

#### OPTION 2: PAYING BY CHEQUE, BANK DRAFT OR MONEY ORDER

If paying by cheque, bank draft or money order, complete and return this acceptance form with your Application Monies. No signature is required on the acceptance form. The acceptance form with your Application Monies must be received by the Registry before 5:00pm (AEST) on 19 July 2010.



Billers Code: 126987  
Ref:

#### Telephone & Internet Banking – BPAY®

Contact your bank or financial institution to make this payment from your cheque, savings, debit or transaction account. More info: [www.bpay.com.au](http://www.bpay.com.au)  
© Registered to BPAY Pty Ltd ABN 69 079 137 518

**A** Number of New Shares applied for and accepted (being not more than your Entitlement shown above)

**B** Payment amount  
(Multiply the number in section A by A\$0.32)

A\$

#### **C** PLEASE INSERT CHEQUE, BANK DRAFT OR MONEY ORDER DETAILS

Cheques, bank drafts or money orders must be drawn on an Australian branch of a financial institution in Australian currency, made payable to “Cordlife Limited – Rights Issue Account” and crossed “Not Negotiable”.

Cheque Number

BSB

Account Number

#### **D** YOUR CONTACT DETAILS

Telephone Number

Telephone Number – after hours

Contact Name (PRINT)

See overleaf for details and further instructions on how to complete and lodge this Entitlement and Acceptance Form. If you do not take up or sell your rights, you may not receive any value for them. It is important that you decide whether to accept or sell your rights in accordance with the Offer Document.



## CORDLIFE LIMITED

The Entitlement Offer to which this Entitlement and Acceptance Form relates is being made to investors on the Record Date with a registered address in Australia, New Zealand or Singapore. In particular the Offer Document is not being provided to any person with their registered address in the U.S. The Offer Document and Entitlement and Acceptance Form do not constitute an offer or invitation to acquire Shares in any place in which, or to any person to whom, it would be unlawful to make such an offer or invitation.

### ACCEPTANCE OF ENTITLEMENT OFFER

By returning the Entitlement and Acceptance Form with payment to the Registry, or making payment received by BPAY®:

- you represent and warrant that you have read and understood the Offer Document and that you acknowledge the matters, and make the warranties and representations;
- you provide authorisation to be registered as the holder of New Shares acquired by you and agree to be bound by the Constitution of Cordlife Limited.

### HOW TO APPLY FOR NEW SHARES

#### 1. IF PAYING BY BPAY® (AVAILABLE TO SHAREHOLDERS WITH AN AUSTRALIAN BANK ACCOUNT ONLY)

If you elect to make payment using BPAY® you must contact your bank or financial institution to make this payment from your cheque, savings, debit or transaction account. For more information on paying by BPAY®: [www.bpay.com.au](http://www.bpay.com.au)

Work out the total amount payable by you. To calculate the total amount, multiply the number of New Shares you wish to apply for by A\$0.32.

Refer overleaf for the Biller Code and Reference Number. The Reference Number is used to identify your holding. If you have multiple holdings you will have multiple Reference Numbers. You must use the Reference Number shown on each personalised Entitlement and Acceptance Form when paying for any New Shares that you wish to apply for in respect of that holding.

#### 2. IF PAYING BY CHEQUE, BANK DRAFT OR MONEY ORDER

##### A. Acceptance of New Shares

Enter into section A the number of New Shares you wish to apply for. The number of New Shares must be equal to or less than your Entitlement, which is set out overleaf.

##### B. Payment Amount

Enter into section B the total amount payable by you. To calculate the total amount multiply the number in Section A by A\$0.32.

##### C. Cheque, bank draft or money order details

Enter your cheque, bank draft or money order details in section C. Cheques, bank drafts or money orders must be drawn on an Australian branch of a financial institution in Australian currency, made payable to "Cordlife Limited – Rights Issue Account" and crossed "Not Negotiable". Please ensure sufficient cleared funds are held in your account, as your cheque will be banked as soon as it is received. If you provide a cheque or money order for the incorrect amount, Cordlife Limited may treat you as applying for as many New Shares as your cheque, bank draft or money order will pay for.

##### D. Contact details

Enter your contact telephone number where we may contact you regarding your acceptance of New Shares, if necessary.

### 3. SALE OF YOUR ENTITLEMENT IN FULL OR IN PART BY YOUR STOCKBROKER AND ACCEPTANCE OF THE BALANCE

If you wish to sell all of your Rights through your stockbroker or if you wish to sell part of your Rights through your stockbroker and accept the balance you should contact your stockbroker and provide details as requested which appear overleaf.

You should complete the "Instructions to your Stockbroker" panel below and forward this Entitlement and Acceptance Form to your stockbroker.

#### Instructions to your Stockbroker

I/We have accepted	<input type="text"/>
	New Shares as per reverse side
And attach a cheque/bank draft for	<input type="text"/>
	A\$
	being acceptance monies at A\$0.32 per New Share
I/We wish to sell	<input type="text"/>
	Rights to Ordinary Shares

### 4. DISPOSAL OF YOUR ENTITLEMENT OTHER THAN THROUGH A STOCKBROKER

A renunciation form must be used for all other transactions. These forms may be obtained from the Cordlife Limited Registry or your stockbroker.

### 5. OVERSEAS SHAREHOLDERS

The Offer Document and Entitlement and Acceptance Form do not constitute an offer of securities to any person on the Record Date with their registered address outside of Australia, New Zealand and Singapore or to any person to whom it would not be lawful to issue the Offer Document. By applying for New Shares under this Entitlement and Acceptance Form or by accepting this offer, you represent and warrant that applying for New Shares does not breach any law in any relevant overseas jurisdiction.

### 6. HOW TO LODGE YOUR ENTITLEMENT AND ACCEPTANCE FORM

A reply paid envelope is enclosed for your use. No postage stamp is required if it is posted in Australia. Alternatively, if you have lost the reply paid envelope, or you have obtained the Offer Document electronically, your completed Entitlement and Acceptance Form with the payment for New Shares may be mailed to the postal address, or delivered by hand to the delivery address, set out below. **If paying by BPAY® you do not need to complete or return the Entitlement and Acceptance Form.** You should check the processing cut off-time for BPAY® transactions with your bank, credit union or building society to ensure your payment will be received by the Registry by the close of the offer.

#### Mailing Address

Cordlife Limited  
C/- Link Market Services Limited  
Locked Bag A14  
SYDNEY SOUTH NSW 1235

#### Hand Delivery

Cordlife Limited  
C/- Link Market Services Limited  
Level 12, 680 George Street  
SYDNEY NSW 2000

**(Please do not use this address for mailing purposes)**

Make sure you send your Entitlement and Acceptance Form and application payment allowing enough time for mail delivery, so Link Market Services Limited receives them no later than 5:00pm (AEST) on 19 July 2010. Please ensure sufficient cleared funds are held in your account, as your cheque will be banked as soon as it is received. Cordlife Limited reserves the right not to process any Entitlement and Acceptance Forms and cheques received after the Closing Date.

**If you require further information on how to complete this Entitlement and Acceptance Form, please contact the Cordlife Limited Offer Information Line on 1300 880 472 (within Australia) or +61 2 8280 7495 (from outside Australia) between 8:30am and 5:30pm (AEST) Monday to Friday.**