

Cordlife Proposed Capital Reduction Demerger of Cordlife Pte Ltd

Key Points

- Cordlife Limited (**CBB**) announces a proposed capital reduction (subject to shareholder approval) to be implemented by way of a distribution in specie of all of the issued ordinary shares in Cordlife Pte Ltd (**Cordlife Singapore**)
- Where approved, the capital reduction will effectively result in the demerger of Cordlife Singapore from CBB
- CBB has also secured access to additional working capital of A\$7,412,000 pursuant to a bond issued by CBB to City Challenge Global Limited and under that bond allotted 21,800,000 options at an exercise price of A\$0.40 cents per CBB share
- A CBB shareholders meeting has been convened for 16 June 2011 and, where approved, the capital reduction would be implemented on 30 June 2011.

Australia, 16 May 2011 - Cordlife Limited (**CBB**) today announced a proposed capital reduction, subject to shareholder approval, to implement the demerger of Cordlife Singapore (and its operations) from CBB.

At present the operations of the combined Cordlife group are conducted through two wholly owned subsidiaries:

- (a) Cordlife Services – which owns the developing Cordlife blood bank businesses in India, Indonesia and the Philippines (**Developing Businesses**); and
- (b) Cordlife Singapore – which owns the more mature Cordlife blood bank businesses in Singapore and through its subsidiary in Hong Kong. Cordlife Singapore also owns an indirect 10% interest in Guangzhou Municipality Tianhe Nuoya Bioengineering Co. Ltd which is the operator of the sole cord blood banking licensee in the Guangdong province in China (**Mature Businesses**).

The capital reduction where approved would result in a demerger of the Developing Businesses (which will continue to be owned by CBB) from the Mature Businesses (owned by Cordlife Singapore).

Steven Fang, Group CEO of CBB said that "*We of the view that shareholder value will potentially be enhanced by separating the Developing Businesses (which require continued cash investment) owned by Cordlife Services, from the Mature Businesses (which are cash flow positive) owned by Cordlife Singapore. The objective is to have CBB continue as an ASX listed entity owning the Developing Businesses (with capital to invest in their continued development and expansion), but also for CBB shareholders to participate directly in Cordlife Singapore (owning the Mature Businesses) by directly holding shares in Cordlife Singapore.*"

Australia • Level 5 • 190 Queen Street Melbourne • VIC 3000 • Australia
Phone (61) 03 9600 0162 • Fax (61) 03 9640 0946
Singapore • 61 Science Park Road • The Galen • #05-16/17/18 • Singapore Science Park II • Singapore 117525
For Corporate Office • Phone (65) 6295 0080 • Fax (65) 6295 1108
For Clients • Phone (65) 6238 0808 • Fax (65) 6238 1108 • info@cordlife.com
(ACN 108 051 529)



CBB has entered into a convertible bond with City Challenge Global Limited pursuant to which CBB has secured access to additional working capital of A\$7,412,000. Under the terms of that bond, CBB has also granted the bond holder 21,800,000 options, each exercisable at A\$0.40 cents into a CBB share.

The CBB shareholders meeting to be held on 16 June 2011 is to be convened for CBB shareholders to consider, among other matters, whether to approve the capital reduction and to refresh the CBB's board authority to issue new shares (by ratifying the grant of the 21,800,000 options to City Challenge Global Limited).

Accompanying this announcement are the following documents:

1. Shareholder's letter regarding the proposed capital reduction;
2. Notice of Meeting for the meeting to be held on 16 June 2011;
3. Explanatory Memorandum (to assist CBB shareholders in considering the proposed resolutions).

For further information: A shareholder information line has been established –

For shareholders calling within Australia	1800 645 237
For shareholders calling outside Australia	+612 8280 7585

13 May 2011

Dear Shareholder,

For some time now, the Cordlife Ltd Board has explored alternatives to enhance shareholder's value.

As the Cordlife group has expanded into new territories, it recognised that its business operations in different geographical regions could be characterised into those which are more developed yielding positive cash flow and those which are still in developmental phase requiring continued capital support.

Given the distinct financial and management characteristics required of the two business segments, we believe that shareholder's value would be enhanced by demerging our developed from our developing businesses. The demerger will also contribute to Cordlife's leadership position in the stem cell banking business with each segment driven by a separate Board and management team focused on delivering sustainable profit growth.

The Cordlife Ltd Board has planned for a shareholder meeting to consider the demerger proposal by way of an equal capital reduction. Please find in the enclosed a shareholders' notice of meeting and an explanatory memorandum which outlines the proposed demerger. If approved and implemented, the demerger would result in the following:

1. Cordlife Ltd (the existing ASX listed entity) will continue as an independent listed entity owning the developing businesses in India, Indonesia and the Philippines; and
2. Cordlife Pte Ltd, a private, unlisted company subject to the laws of Singapore will fully own the developed businesses in Singapore and Hong Kong market as well as an indirect ownership of the investment in Guangzhou.

Following the demerger, Cordlife Ltd shareholders will own the same percentage of shares in Cordlife Pte Ltd in addition to their existing CordLife Ltd shares. This means that you can benefit from ownership in two separate companies without any additional cash outlay.

This is an important and strategic decision for Cordlife Ltd. You should consider the enclosed documents carefully taking into consideration the benefits, limitations and inherent risks of this proposed demerger exercise.



The Cordlife Ltd Board unanimously recommends the demerger proposal tabled before you.

If you have any questions regarding the enclosed documents you can contact the Company's enquiry line on the numbers below or seek independent financial and legal advice.

For shareholders calling within Australia	1800 645 237
For shareholders calling outside Australia	+612 8280 7585

Yours sincerely,

Steven Fang
Chief Executive Officer and Executive Director

Cordlife Limited

ACN 108 051 529

NOTICE OF MEETING

To be held on **16 June 2011** simultaneously via video conference at the offices of:

- ▶ Middletons, level 25, 525 Collins Street Melbourne at noon (Melbourne time)

and

- ▶ Cordlife Limited, 61 Science Park Road, #05-16/17/18, The Galen, Singapore Science Park II, Singapore 117525 at 10am (Singapore time)

THIS IS AN IMPORTANT DOCUMENT

If you are in doubt as to what to do with this document please immediately see your legal adviser, financial adviser or stockbroker

Cordlife Limited
ACN 108 051 529

Notice of meeting

Notice is given that a general meeting of shareholders of Cordlife Limited ACN 108 051 529 (**Company** or **Cordlife**) will be held, in accordance with section 256C of the Corporations Act at the offices of Middletons level 25, 525 Collins Street Melbourne on 16 June 2011 at noon (Melbourne time) and simultaneously at the Company's offices at 61 Science Park Road, #05-16/17/18, The Galen, Singapore Science Park II, Singapore 117525 (at 10am Singapore time) for the purpose of considering, and if thought fit, passing the following resolutions:

Resolution 1 Capital Reduction - Approval by shareholders

To consider, and if thought fit, to pass, with or without amendment, the following resolution as an **ordinary resolution**:

*"That for the purposes of Sections 256B and 256C(1) of the Corporations Act 2001 and for all other purposes, the shareholders approve the capital reduction on 30 June 2011 (or such other date as the Directors determine) by the Company distributing all of the issued ordinary shares in Cordlife Pte Ltd (**Cordlife Singapore Shares**) to Company's shareholders as at the record date of 28 June 2011 by the Company and otherwise on the terms and conditions of the Explanatory Notes accompanying this Notice of Meeting."*

Resolution 2 - Approval of the issue of shares on Long Stop Date

To consider, and if thought fit, to pass, with or without amendment, the following resolution as an **ordinary resolution**:

"That pursuant to ASX Listing Rule 7.1 and for all other purposes, the shareholders approve the issue of that number of shares in the Company as detailed in the Explanatory Notes which accompany this Notice of Meeting where the Company elects to repurchase all of the Cordlife Singapore Shares where a Liquidity Event in respect of Cordlife Singapore has not occurred by the Long Stop Date and otherwise as described in the attached Explanatory Notes."

Resolution 3 – Ratification of Option grant (in respect of CBB Bond)

To consider, and if thought fit, to pass, with or without amendment, the following resolution as an **ordinary resolution**:

"That for the purposes of ASX Listing Rule 7.4 and for all other purposes, the shareholders approve and ratify the Company's grant in May 2011 of an option to subscribe for 21,800,000 shares in the Company at an exercise price of \$0.40 per share and otherwise on the terms and conditions detailed in the Explanatory Notes which accompany this Notice of Meeting."

ADDITIONAL INFORMATION

Please note that additional information concerning the above proposed ordinary resolution is contained in the Explanatory Memorandum that accompanies and forms part of this notice.

ELIGIBILITY TO VOTE

In accordance with the *Corporations Act 2001* (Cth), a person's entitlement to vote at this meeting will be the entitlement of that person according to the Register of Members at 10am on 14 June 2011.

All shareholders of the Company are able to vote on this Resolution.

If you wish to vote in person, you must attend the General Meeting. If you cannot attend the meeting, you may vote by proxy, attorney or if you are a body corporate, by appointing a corporate representative.

ADMISSION TO MEETING

Shareholders who will be attending the general meeting, and who will not be appointing a proxy, are asked to bring the proxy form to the general meeting to help speed admissions.

Shareholders who do not plan to attend the general meeting are encouraged to complete and return the attached proxy form for each of their holdings of CordLife shares.

A replacement proxy form may be obtained from CordLife's external share registrar.

Link Market Services Limited –

Telephone 1300 554 474
 +61 (0)3 9615 9947

SCRUTINEER

CordLife's external auditor, Ernst & Young, will act as scrutineer for any poll that may be required at the meeting.

PROXIES

If you are a shareholder entitled to attend and vote you are entitled to appoint a proxy. That proxy need not be a shareholder of CordLife Limited. A shareholder who is entitled to cast 2 or more votes may appoint 2 proxies and may specify the number or proportion of votes that each proxy may exercise, failing which each may exercise half of the votes.

If you want to appoint one proxy, please fax the form provided. If you want to appoint 2 proxies, please follow the instructions in **Appointment of a Second Proxy** on the reverse side of the proxy form.

CordLife's Constitution provides that, on a show of hands, every person present and qualified to vote shall have one vote. If you appoint one proxy, that proxy may vote on a show of hands, but if you appoint two proxies neither proxy may vote on a show of hands.

To be effective the proxy form must be received by Link Market Services Limited, at the address on the enclosed reply paid envelope or by facsimile at the number below, not later than 10am Perth time on 13 June 2011.

By order of the Board:

A handwritten signature in black ink, consisting of a large, stylized loop followed by a diagonal stroke.

.....
Mr Andrew Lord
Company Secretary
12 May 2011

**Cordlife Limited
ACN 108 051 529**

**EXPLANATORY MEMORANDUM
PROPOSED CAPITAL REDUCTION**

**This document has been prepared to provide further information
regarding the proposed resolutions in the attached Notice of
Extraordinary General Meeting for Cordlife Limited**

THIS IS AN IMPORTANT DOCUMENT

**If you are in doubt as to what to do with this document please
immediately see your legal adviser, financial adviser or stockbroker.**

Cordlife Limited
ACN 108 051 529

Explanatory Memorandum

Introduction

This is an important shareholders' meeting to provide shareholders with the opportunity to consider effectively splitting the operations of Cordlife Limited (**CBB**) by distributing to the CBB's shareholders the entire issued ordinary share capital of CBB's wholly owned subsidiary Cordlife Pte Ltd (**Cordlife Singapore**) which will result in the demerger of CBB from Cordlife Singapore.

At present the operations of the combined Cordlife group are conducted through two wholly owned subsidiaries:

- (a) Cordlife Services (S) Pte Ltd (**Cordlife Services**) – which owns the developing Cordlife blood bank businesses in India, Indonesia and the Philippines (**Developing Businesses**); and
- (b) Cordlife Singapore – which owns the more mature Cordlife blood bank businesses in Singapore and through its subsidiary (Cordlife (Hong Kong) Ltd), in Hong Kong. Cordlife Singapore also owns an indirect 10% interest in Guangzhou Municipality Tianhe Nuoya Bioengineering Co. Ltd which is the operator of the sole cord blood banking licensee in the Guangdong province in China (**Mature Businesses**).

The CBB Board is of the view that shareholder value will potentially be enhanced by separating the Developing Businesses (which require continued cash investment) owned by Cordlife Services from the Mature Businesses (which are cash flow positive) owned by Cordlife Singapore. The objective would be to have CBB continue as an ASX listed entity owning the Developing Businesses (with capital to continue to invest in their continued development and expansion), but also for CBB shareholders to directly participate in Cordlife Singapore owning the Mature Businesses by directly holding the Cordlife Singapore Shares.

Cordlife Singapore is a private, unlisted company subject to the laws of Singapore - with limited or no secondary trading in the Cordlife Singapore Shares. The CBB Board has no intention that Cordlife Singapore should seek its own listing or like liquidity event. On implementation of the Capital Reduction, Cordlife Singapore is to be constituted by its own independent board (see Schedule 1) and the new board of Cordlife Singapore will determine its future course. CBB Shareholders should consider whether to approve the Capital Reduction on the basis that on implementation of the Capital Reduction you will receive on 30 June 2011 unlisted shares in a private company with limited or no secondary trading, with your returns primarily based on receipt of dividends from Cordlife Singapore. Please note that dividends may only be paid on the available profits derived by Cordlife Singapore in the relevant year and there is no guarantee of the payment of any dividends.

This Explanatory Memorandum has been prepared to provide additional information to enable CBB shareholders to have sufficient information to assess the merits of the proposed Capital Reduction. You should carefully read this Explanatory Memorandum and consult your own independent legal, accounting, financial and tax advisers. Please note that –

- (a) certain defined terms where used in this document are contained in section 13; and
- (b) the schedules to this document contain more detailed information which you should also carefully read.

Overview - Resolution 1

Where shareholders approve the capital reduction proposed under Resolution 1, CBB will on 30 June 2011 distribute all of the issued ordinary share capital of Cordlife Singapore (**Cordlife Singapore Shares**) to the CBB's shareholders (**Capital Reduction**) and CBB will retain the one issued Class A Share in Cordlife Singapore (**Class A Share**).

In accordance with the requirements of Sections 256B and 256C of the *Corporations Act 2001* (Cth) (**Corporations Act**) approval of the Capital Reduction is to be sought from the CBB shareholders at this general meeting.

This proposal under Resolution 1 has significant implications for both the ongoing business of CBB (where the Capital Reduction is approved) but also for shareholders (including without limitation their individual tax positions and nature of the Cordlife Singapore Shares). An overview of possible tax implications is contained in Schedule 3.

In addition two related resolutions are also proposed for consideration by shareholders.

Overview - Resolution 2

Resolution 2 provides for authorisation for the CBB Board to issue new CBB shares where by the Long Stop Date a Liquidity Event (as defined in section 13) has not occurred in respect of Cordlife Singapore and CBB has in its discretion elected to repurchase the Cordlife Singapore Shares. In these circumstances Resolution 2 will permit the CBB Board to issue new CBB shares to the then holders of the Cordlife Singapore Shares in consideration of CBB acquiring back Cordlife Singapore. The holders of Cordlife Singapore Shares will in addition to the new CBB shares in those circumstances also be entitled to a dividend from Cordlife Singapore in respect of its profits derived for the period from 1 July 2011 until the Long Stop Date.

Please note that a "Liquidity Event" will generally require either prior approval by the then holders of Cordlife Singapore Shares or, for example in the case of a takeover offer for Cordlife Singapore, participation by then holders of Cordlife Singapore Shares (as to whether to accept or reject a takeover offer).

Please note CBB has NO obligation to repurchase the Cordlife Singapore Shares but has an option to do so by virtue of holding the Class A Share under the Articles of Association of Cordlife Singapore.

Overview - Resolution 3

Resolution 3 relates to the bond entered into by CBB which is envisaged to provide sufficient working capital to CBB post demerger with Cordlife Singapore (**CBB Bond**). Under the CBB Bond, CBB has secured A\$7,412,000 in additional funding which it intends to utilize in funding the Developing Businesses in their continued business plans (as outlined in Schedule 2).

Under the terms of the CBB Bond, CBB has granted to the CBB Bond holder:

- (a) an option to subscribe for 21,800,000 CBB shares (**CBB Option**); and
- (b) where the Capital Reduction is approved by CBB shareholders, will grant an option to subscribe for corresponding number of Cordlife Singapore Shares (where the additional Cordlife Singapore Shares on exercise would be issued by Cordlife Singapore for no additional consideration).

1. Background to the proposed Resolution 1 - Capital Reduction

- 1.1 CBB was admitted to the Official List of the Australian Stock Exchange in June 2004. Originally CBB was focused on the development of adult stem cell technologies including (a)

a tissue and banking division; and (b) research and development of a stem cell expansion technology based on an expansion platform.

- 1.2 In 2007 CBB effectively disposed of its stem cell expansion technology to become solely focused on cord blood banking and CBB has continued to expand that cord blood service model in the Asian region.
- 1.3 The proposed Capital Reduction if approved by CBB shareholders would result in a separation of ownership of the Developing Businesses from the Mature Businesses. The CBB Board is of the opinion that this will allow markets to value the Mature Businesses on a more traditional valuation methodology, without the cash requirements of the Developing Businesses impacting on that valuation. It is therefore envisaged this may potentially enhance overall shareholder value.
- 1.4 Where CBB shareholders approve the Capital Reduction, CBB would on 30 June 2011 distribute the Cordlife Singapore Shares to the CBB shareholders as at the Record Date. Apart from the Singapore Class A Share retained by CBB, this would result in mirror shareholdings of the CBB shareholders as at the Record Date and the register of shareholders of Cordlife Singapore as at the date of distribution.
- 1.5 To assist in consideration of Resolution 1 we have provided in Schedule 1 an overview of Cordlife Singapore as a standalone entity, together with in Schedule 2 an overview of CBB as a standalone entity, in each case after the implementation of the Capital Reduction (and resulting demerger of Cordlife Singapore from CBB).

2. Contracts between CBB and Cordlife Singapore

CBB shareholders should carefully consider the material contracts that will govern the relationship of CBB and Cordlife Singapore, which contracts will become operative on the date of implementation of the Capital Reduction. These material contracts will be executed as soon as practical after the passing of Resolution 1.

It is very important to understand the nature and impact of those material contracts. Should the Capital Reduction proceed the ongoing relationships between the two companies will be determined by the operation of those contracts, as the ownership of CBB and the ownership of Cordlife Singapore will differ after the implementation of the Capital Reduction due to normal trading in CBB's shares on the ASX –and as a result the interests of both companies will no longer be directly aligned.

These material contracts may have a material impact on the value of both CBB shares and the Cordlife Singapore Shares after the implementation of the Capital Reduction.

A detailed overview of these material contracts is contained in Schedule 4 (Additional Information) but in summary those proposed contracts are:

- (a) ***Co-operation Agreement*** – Co-Operation Agreement between Cordlife Singapore and CBB pursuant to which Cordlife Singapore authorises CBB (and certain subsidiaries) to enter into a cord blood banking contract with any customers on its behalf if any of such customers requests to use the cord blood banking facility in the Cordlife Singapore Jurisdiction. Likewise, CBB authorises Cordlife Singapore (and certain subsidiaries) to enter into a cord blood banking contract with any customers of Cordlife Singapore on CBB's behalf if any of such customers requests to use the cord blood banking facility in the CBB Jurisdiction. A commission is payable by each party to the other.
- (b) ***Cordlife Co-operation Agreement with Cordlife Stem Cell Technology Limited Ltd (CUO Agreement)***- between Cordlife Singapore and Cordlife Stem Cell

Technology Limited Ltd (**Cordlife Umbilical**) which is a wholly owned subsidiary of CBB. Under the CUO Agreement, Cordlife Singapore (and certain subsidiaries) will market and sell the storage and banking of cord with Cordlife Umbilical to any of its customers. Cordlife Umbilical has the right to refuse to store and bank the cord blood of any customers in its sole discretion.

- (c) **License Agreement re Trade Marks** – Trade Mark Licence Agreement between Cordlife Singapore and CBB pursuant to which Cordlife Singapore grants CBB the non-transferable right and licence within each CBB Jurisdiction (plus Australia and such further territories which the Parties may mutually agree in writing) to use the Cordlife name and use the Trade Marks in respect of permitted services.
- (d) **Non-compete Agreement** – Non-compete Agreement between Cordlife Singapore and CBB pursuant to which Cordlife Singapore will not undertake any activities or carry on any business or trade that competes directly with the business carried on or proposed to be carried on by CBB in the CBB Jurisdiction.
- (e) **Service Agreement** – Service Agreement between Cordlife Singapore and CBB. CBB will provide consulting services in the area of quality assurance and information technology (and such other areas as the parties may agree) to Cordlife Singapore. In consideration of these services, Cordlife Singapore will pay a direct cost plus margin to CBB.
- (f) **Right of First Refusal Agreement** – The Right of First Refusal Agreement is between Cordlife Singapore and CBB. CBB grants a right of first refusal to Cordlife Singapore in relation to the businesses of Cordlife Sciences (India) Pvt Ltd, PT Cordlife Indonesia and Cordlife Medical Inc (Philippines) and to the shares or equity interests in those companies or any other entity which CBB owns and which engages in the business of cord blood banking in Indonesia, the Philippines and India.

3. Share capital structure

The following provides an overview (subject to the assumptions stated) of the share capital structure of CBB and Cordlife Singapore on implementation of the Capital Reduction (excluding the Singapore Class A Share).

	Assumptions	CBB	Cordlife Singapore
Existing issued shares as at the Record Date		145,360,920	Nominal
Options			
(a) employees		5,674,770	
(b) CBB Bond Options (see Schedule 4)		21,800,000	
Proposed issued capital of Cordlife Singapore on implementation of Capital Reduction			151,035,690

Additional Cordlife Singapore Shares issued to holder of CBB Bond Options (for no additional consideration)		21,800,000
Total	172,835,690	172,835,690

As a consequence of the Capital Reduction, 5,116,435 of the Company's performance rights already allocated to employees and directors pursuant to the terms of the Company's approved Option and Performance Rights Plan will have their vesting dates brought forward to the date of approval of the Capital Reduction. Other than the advancement of vesting dates, the rights attaching to the performance rights (including the exercise price) will not vary as a result of the Capital Reduction.

4. Financials

Schedule 5 contains selected financial information detailing:

- (a) the proforma consolidated statement of financial position of Cordlife Singapore as a stand alone group (with the Mature Businesses); and
- (b) the proforma consolidated statement of financial position of CBB as a stand alone group (with the Developing Businesses),

in each case is as at 30 June 2010 and 31 December 2010, and the proforma consolidated statement of income and proforma consolidated statement of cash flow for the year ended 30 June 2010 and six months ended 31 December 2010, assuming:

- (i) the resulting corporate structure after the Capital Reduction has always been in place; and
- (ii) the Capital Reduction has taken place as at 30 June 2010 and 31 December 2010 respectively, with no external valuation performed.

5. Cordlife Singapore Class A Share

One Class A Share in Cordlife Singapore prior to the implementation of the Capital Reduction will be allotted to CBB. In essence this is a preference share which gives CBB the right to repurchase (but **NOT** the obligation) all of the Cordlife Singapore Shares in certain circumstances on the Long Stop Date. An overview of the terms for the Class A Share is contained in Schedule 4.

You should carefully note this is a right, not an obligation and there is no guarantee CBB will exercise such a right – especially as at the Long Stop Date the interests of CBB and Cordlife Singapore will not be aligned and both companies will have different shareholders simply as a result of trading of CBB shares on the ASX between the Ex Date and the Long Stop Date.

6. Rights attaching to the Cordlife Singapore Shares

Upon the distribution of the Cordlife Singapore Shares to CBB's shareholders, Cordlife Singapore shall only have one class of ordinary shares and one issued Class A Share. A

brief outline of some of the key rights attaching to the Cordlife Singapore Shares are outlined below.

- (i) **Dividends and distribution:** Cordlife Singapore may by ordinary resolution of its shareholders (**Cordlife Singapore Shareholders**), declare dividends at a general meeting, but may not pay dividends in excess of the amount recommended by its board of directors. Dividends must be paid out of profits available for distribution. All dividends will be paid pro-rata among the Cordlife Singapore Shareholders in proportion to the amount paid up on each Cordlife Singapore Shareholder's Cordlife Singapore Shares, unless the rights attached to an issue of any Singapore Share provides otherwise.
- (ii) **Voting rights:** A holder of a Cordlife Singapore Share is entitled to attend, speak and vote at any general meeting in person or by proxy. Proxies need not be a Cordlife Singapore Shareholder. Except as otherwise provided in Cordlife Singapore's articles of association (**Cordlife Singapore Articles**), two or more Cordlife Singapore Shareholders must be present in person or by proxy to constitute a quorum at any general meeting. Under the Cordlife Singapore Articles, on a show of hands, every Cordlife Singapore Shareholder present in person and by proxy shall have one vote, and on a poll, every Cordlife Singapore Shareholder present in person or by proxy shall have one vote for each ordinary share which he holds or represents. A poll may be demanded in certain circumstances, including by the chairman of the meeting or by any Cordlife Singapore Shareholder present in person or by proxy and representing not less than 10.0% of the total voting rights of all Cordlife Singapore Shareholders having the right to attend and vote at the meeting or by not less than five Cordlife Singapore Shareholders having the right to vote at the meeting. In the case of an equality of votes, whether on a show of hands or a poll, the chairman of the meeting shall be entitled to a casting vote.
- (iii) **Transfer:** Cordlife Singapore Shares are transferable in accordance with the Articles of Association of Cordlife Singapore (but there is no market for Cordlife Singapore Shares and therefore there is expected to be limited or no secondary trading in Cordlife Singapore Shares).
- (iv) **Winding up:** On a winding up subject to the Singapore corporate laws and any preference rights, the Cordlife Singapore Shares will rank equally to the surplus assets available for distribution on liquidation.

7. Impact on creditors / share capital

- 7.1 **Impact on creditors.** The CBB Board believes that the Capital Reduction will not materially prejudice CBB's ability to pay its creditors as CBB has available to it sufficient cash reserves.
- 7.2 **Impact on CBB's share capital:** The issued share capital of CBB will not change as a result of the Capital Reduction other than:
 - (i) on the exercise of the CBB Option under the CBB Bond; or
 - (ii) under the terms of the where CBB in its discretion elects to repurchase the Cordlife Singapore Shares.

8. Regulatory requirements for approval of Capital Reduction

- 8.1 The provisions regulating the Capital Reduction are found in section 256B of the Corporations Act and require:
- (a) the reduction to be fair and reasonable to CBB's shareholders as a whole;
 - (b) that the capital reduction not materially prejudice the company's ability to pay its creditors; and
 - (c) compliance with the notice provisions / shareholder approval detailed in section 256C.
- 8.2 Section 256C in essence requires a draft of the notice of meeting of shareholders to be lodged with ASIC prior to the dispatch of those documents to convene the relevant meeting of shareholders. The draft notice of meeting must contain all information known to CBB that is material to the decision on how to vote on the resolution to approve the Capital Reduction.
- 8.3 The CBB Board having reviewed the financial position of CBB is of the opinion that the Capital Reduction in the absence of a superior proposal is fair and reasonable to CBB's shareholders as a whole due to the potential to unlock inherent value in the Mature Businesses (where they may be valued on more traditional valuation methodology without the adverse impact of the cash requirements of the Developing Businesses)

9. CBB Board Recommendation

- 9.1 The CBB Board has also considered other alternatives for CBB, but believes the proposed Capital Reduction and resulting demerger provides the greatest potential value and certainty to CBB shareholders.
- 9.2 In the absence of a superior proposal, the Board unanimously recommends that CBB shareholders approve the Capital Reduction.
- 9.3 The CBB Board also recommends that CBB shareholders seek their own financial and taxation advice concerning the proposed Capital Reduction.

10. Additional information re Resolution 1

- 10.1 Subject to shareholders approving the Capital Reduction, the following indicative timetable* will apply:

Shareholder Approval of Capital Reduction	16 June 2011
Ex Date (where CBB shares trade without the benefit of participation in the distribution of Cordlife Singapore Shares on implementation of the Capital Reduction)	22 June 2011
Record Date (for determining entitlements)	28 June 2011
Capital Reduction takes place (distribution of Cordlife Singapore Shares to the CBB shareholders entitled as at the Record Date)	30 June 2011
Cordlife Singapore Shares transferred to CBB Shareholders	30 June 2011

10.2 ASX / ASIC waivers / modifications:

- (a) ASIC – CBB has obtained relief from ASIC on the following
- (i) Parts 6D.2 and 6D.3 of the Corporations Act for the "offer" of Cordlife Singapore Shares in the CBB notice of meeting for the proposed capital reduction; and
 - (ii) section 707(5) of the Corporations Act for any on sale of the Cordlife Singapore shares post the capital reconstruction.

The Notice of Meeting and this Explanatory Memorandum is substantially in the same format as lodged with ASIC on 12 May 2011.

- (b) ASX – CBB has obtained relief from ASX with respect to the following

- (i) ASX Listing Rule 7.3.2.

If CBB elects (under the terms of its Class A Share) that the demerger is to be effectively unwound (where the Liquidity Event is not achieved for any reason by the Long Stop Date), CBB would issue new CBB shares to the holders of CS Shares at that time. Under ASX LR 7.3.2 the Company must not issue the shares more than 3 months after the date of the shareholders meeting at which the approval for the issue was obtained (i.e. this meeting to which this Explanatory Memorandum applies). However, ASX has given relief under ASX Listing Rule 7.3.2 to enable CBB to issue the new CBB shares up to 31 March 2012 on an exercise by CBB of its rights as the holder of the Class A Share.

- (ii) ASX Listing Rule 7.25

Resolution 1 relates to the approval of the Capital Reduction. ASX granted CBB a waiver in respect of Listing Rule 7.25 which would otherwise require that the share price of CBB shares post a re-organisation of capital exceed 20 cents. It is CBB's view that the Capital Reduction is not a re-organisation of capital, but for clarity ASX granted the waiver of Listing Rule 7.25.

- (iii) ASX Listing Rule 7.3.8

Resolution 2 in respect of the Capital Reduction relates to the approval by CBB shareholders of the proposed issue of new CBB shares pursuant to ASX Listing Rule 7.1. Ordinarily Listing Rule 7.3.8 requires a voting exclusion statement with respect to ASX Listing Rule 7.1, the effect of which would be to exclude from voting all people who would participate in the proposed transfer of Cordlife Singapore Shares. As all CBB shareholders at the general meeting will have the same interest in Resolution 2 and if a voting exclusion statement was included, from a practical perspective, no CBB shareholder could vote on Resolution 2, the ASX granted a waiver from ASX Listing Rule 7.3.8.

10.3 Proxies. A CBB Shareholder entitled to attend and vote at the General Meeting is entitled to appoint not more than two proxies. The Proxy Form to be used is to be read in conjunction with, and accompanies this notice of meeting.

10.4 The Board of Directors is not aware of any other information which is relevant to the consideration by CBB Shareholders of the proposed resolution other than that which is detailed in the Notice.

11. Resolution 2

11.1 Short explanation – Resolution 2

Resolution 2 provides for authorisation for the CBB Board to issue new CBB Shares where a Liquidity Event is not achieved by Cordlife Singapore by the Long Stop Date and CBB in its discretion elects to repurchase all of the Cordlife Singapore Shares. Immediately prior to such repurchase, Cordlife Singapore would declare a dividend to its then shareholders out of the profits derived by Cordlife Singapore from 1 July 2011 until such date as is practical to the Long Stop Date.

In these circumstances Resolution 2 will permit the CBB Board to issue new CBB Shares to the holders of Cordlife Singapore Shares in consideration of CBB acquiring back Cordlife Singapore.

11.2 Regulatory requirements for Resolution 2

ASX Listing Rule 7.1 sets out the regulatory requirements that must be satisfied in relation to the issue of securities under Resolution 2. ASX Listing Rule 7.1 prohibits CBB issuing shares in excess of 15% of the existing share capital in any 12 consecutive month period without prior shareholder approval.

ASX Listing Rule 7.3 requires that a notice of meeting pursuant to which Shareholders are requested to consider approving an issue of shares pursuant to ASX Listing Rule 7.1 must include certain specified information in relation to the securities to be issued, as follows.

This information is set out below:

- (a) maximum number of securities issued:

Where a Liquidity Event in respect of Cordlife Singapore does not occur by the Long Stop Date, CBB as the holder of the Class A Share in Cordlife Singapore shall have the right (but NOT obligation) to purchase (and the holders of Cordlife Singapore Shares are obliged to sell if CBB elects to purchase) the Cordlife Singapore Shares, representing the entire issued ordinary and paid up capital of the Cordlife Singapore, in return for which CBB shall issue and allot to the holders of the Cordlife Singapore Shares such number of new ordinary CBB shares calculated as follows:

$$NS = (CSv / CBBv) \times IC$$

Where:

NS – the number of new CBB shares to be issued under in aggregate on the exercise of the Class A Share rights to purchase the Cordlife Singapore Shares

CSv – the value of Cordlife Singapore as at the Ex Date for the Capital Reduction (as determined by an independent expert)

CBBv – the value of CBB as at the Ex Date (ie being equal to the capitalisation of CBB applying the closing bid price for CBB shares on the Record Date for the Capital Reduction)

IC – the number of CBB shares on issue as at the date of completion after the purchase of the Cordlife Singapore Shares on exercise of the rights of the holder of the Class A Share which will be calculated as at 30 June 2011 and remain fixed in number for the period to the Long Stop Date (subject to any capital reconstructions undertaken post 30 June 2011);

- (b) date which the securities are to be issued

On the Long Stop Date

- (c) issue price of the securities:

The consideration for the issue of the new CBB shares is the transfer to CBB by the holders of the Cordlife Singapore Shares pursuant to the terms of the Cordlife Singapore Constitution of all of the Cordlife Singapore Shares with the result that Cordlife Singapore will revert to a wholly owned subsidiary of CBB

- (d) names of the allottee/s (if known):

The then holders of the Cordlife Singapore Shares as at the Long Stop Date

- (e) terms of the securities:

Fully paid ordinary shares in the capital of CBB

- (f) the intended use of the funds raised:

No cash funds are raised by the allotment, rather CBB acquires the Cordlife Singapore Shares

11.3 Calculation of the number of CBB shares

As outlined in section 11.2(a) above, an independent valuation of Cordlife Singapore is to be undertaken as at or immediately prior to the Ex Date. CBB proposes to update the market before the opening of trading on the Ex Date as to that valuation. For the purposes of calculation of the number of new CBB shares which may be issued under the formula outlined in section 11.2(a) above, CBB is to apply that independent valuation of Cordlife Singapore (as at the Ex Date) and determine the market capitalisation of CBB as at the Record Date. CBB proposes to provide a further update to the market at that time as to the number of shares which may be issued in accordance with the formula outlined in section 11.2(a) above. For guidance, the book value 31/12/10 of Cordlife Singapore in the CBB records is AUST\$28,986,000. By way of example (which may not be indicative of actual values determined as at the "Ex Date") applying the formula in section 11.2(a) above –

Assumptions for example below:

CSv = Aust\$28,986,000 (book value 31/12/10)

CBBv = Aust\$50.876,322

(being CBB market capitalisation at CBB closing bid price of 35 cents at 12/5/11)

Current issued CBB share capital = 145,360,920 shares

Example

NS = CSv / CBBv x IC

NS = Aust\$28,986,000 / Aust\$50.876,322 x (145,360,920 + NS)

NS = 192,479,198

11.4 Board recommendation

The Board unanimously recommends that members vote in favour of Resolution 2.

11.5 Voting Exclusion Statement – Resolution 2

As all CBB Shareholders have the same interest in Resolution 2, no CBB Shareholder is prohibited from voting on Resolution 2.

12. Resolution 3

12.1 Short explanation - resolution 3

In May 2011 CBB entered into the CBB Bond and secured additional funding of A\$7,412,000 which is intended to be applied by CBB in the continued development of the Developing Businesses – which working capital will be necessary to ensure CBB has sufficient capital post the Capital Reduction.

Under the terms of the CBB Bond, CBB also granted to the CBB Bond holder the CBB Option to subscribe for 21,800,000 CBB shares (plus upon the Capital Reduction being approved, an option for the CBB Bond holder to subscribe for a corresponding number of Cordlife Singapore Shares at no additional consideration).

Where the CBB Option is exercised, under the terms of the CBB Bond deed, the proceeds due to CBB on exercise of the CBB Option is to be applied towards the amount otherwise due to be repaid by CBB under the CBB Bond (including all accumulated interest).

The issue of the CBB Option to the CBB Bond holder was within the 15% limitation imposed by ASX Listing Rule 7.1, however CBB is now seeking shareholder ratification and approval pursuant to ASX Listing Rule 7.4 for the grant of the CBB Option, which ratification will effectively refresh the Company's ability to issue further securities under its 15% authority pursuant to ASX Listing Rule 7.1.

12.2 Information required under ASX Listing Rules 7.5 - resolution 3

ASX Listing Rule 7.5 requires that the meeting documents concerning a proposed resolution to approve an issue of securities in accordance with ASX Listing Rule 7.4 must include the following information:

- (a) The maximum number of securities the entity is to issue:

An option entitling the CBB Bond holder on exercise to subscribe for 21,800,000 CBB shares

- (b) The issue price of the securities:

Issued in consideration of the Bond holder subscribing for the CBB Bond

- (c) The names of the allottee/s.

The CBB Bond holder (namely City Challenge Global Limited (BVI Number 1635774)).

- (d) The terms of the securities:

An option to subscribe for 21,800,000 CBB shares, which option has an exercise price of \$0.40 per CBB Share and an expiry of 2 years after issue - which options may be exercised by the option holder at any time up to the expiry date but is automatically exercised on the occurrence of a Liquidity Event – with the proceeds on exercise being applied towards the amount otherwise due to be repaid by CBB under the CBB Bond (including all accumulated interest).

- (e) The intended use of the funds raised

No cash funds were raised from the grant of the options but CBB secured additional funding under the CBB Bond of A\$7,412,000.

12.3 Effect of passing of resolution 3

Resolution 3, if passed, will enable CBB to retain the flexibility to issue equity securities within the next 12 months up to the 15% threshold without the requirement to obtain prior Shareholder approval.

12.4 CBB Board recommendation

The CBB Board unanimously recommends shareholders vote in favour of Resolution 3.

12.5 Voting Exclusion Statement – Resolution 3

In accordance with the ASX Listing Rules, the Company will disregard any votes cast on Resolution 3 by:

- (a) *City Challenge Global Limited* and
- (b) any associate of *City Challenge Global Limited*

However CBB need not disregard a vote if:

- (a) it is cast by a person as a proxy for a person who is entitled to vote, in accordance with the directions on the proxy form; or
- (b) 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.

13. Definitions

Capital Reduction means the distribution of all of the issued share capital of Cordlife Singapore to CBB's shareholders;

CBB Bond means the bond issued by CBB as described in Schedule 4;

CBB Jurisdiction means India, Philippines, Indonesia and such further territories which the Parties may mutually agree in writing;

CBB Option means the option granted to the Bond holder, as described in Schedule 4;

Cordlife Singapore Articles of Association means the articles of association of Cordlife Singapore;

Cordlife Singapore Jurisdiction means Hong Kong, Singapore and the PRC;

Cordlife Singapore Shares means the issued ordinary shares in Cordlife Singapore Pte Ltd;

Corporations Act means the Australian Corporations Act 2001 (Cth);

Developing Businesses means start up businesses where Cordlife plans to continue to expand the cord blood banking operations which are or will be owned by Cordlife's wholly-owned subsidiary Cordlife Services (S) Pte Ltd;

Ex Date means the date where CBB shares trade without the benefit of participation in the distribution of Cordlife Singapore Shares on implementation of the Capital Reduction (being 22 June 2011);

Liquidity Event means the occurrence in respect of Cordlife Singapore an event which generates a valuation or return in respect of holding Cordlife Singapore Shares in excess of AUST\$28,986,000 (for example pursuant to a trade sale; merger or takeover of Cordlife Singapore);

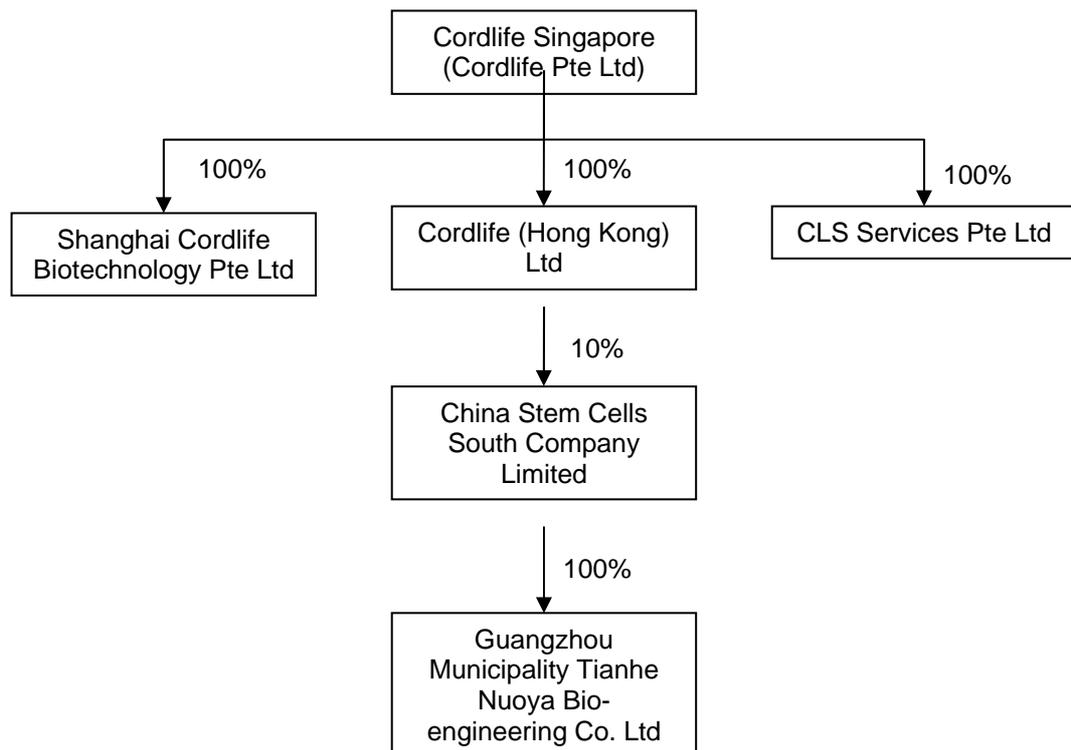
Long Stop Date means 31 March 2012;

Mature Businesses means mature businesses where Cordlife Singapore has an established presence in the relevant territory with a significant market presence or it has acquired an existing cord blood business; so that those businesses are more mature with a positive cash flow;

Record Date means 28 June 2011.

Schedule 1 – Overview Cordlife Singapore (after Capital Reduction)

- 1.1 **Background:** This material has been prepared on the assumption CBB shareholders approve the Capital Reduction / demerger, with the demerger of Cordlife Singapore being implemented on 30 June 2011.
- 1.2 **History:** CordLife Pte Ltd (**Cordlife Singapore**) was incorporated in May 2001, in the Republic of Singapore. Cordlife Singapore operates directly in Singapore and through its subsidiary Cordlife (Hong Kong) Ltd, in Hong Kong (Cordlife Hong Kong).
- 1.3 **Guangzhou Municipality Tianhe Nuoya Bioengineering Co. Ltd (GZ):** Cordlife Singapore owns an indirect 10% interest in GZ, which was acquired in September 2010. GZ is the operator of the sole cord blood banking licensee in the Guangdong province in China. The cord blood banks in Singapore and Hong Kong were licensed and began operations in June 2002 and March 2005 respectively. The cord blood bank operated by GZ received its cord blood banking license in June 2006. In May 2007 China Stem Cell South Company Limited (CSC South), a 90% owned subsidiary of China Cord Blood Corporation (NYSE: CO) acquired 100% of GZ equity interest. As described above, in November 2009, CBB purchased 10% of CSC South.
- 1.4 **Corporate structure:** Cordlife Singapore will have the following corporate structure (post the demerger):



- 1.5 **Current business activities:** Cordlife Singapore provides its services through its network of collaborating healthcare providers and directly to expectant mothers (clients), through various well developed sales and marketing platforms.

In Hong Kong, Cordlife Singapore operates through its wholly owned subsidiary Cordlife Hong Kong. It also indirectly owns 10% of the sole licensed cord blood banking operator in the province of Guangdong.

Substantially all its revenue is generated from service fees for the storage of cord blood on behalf of private clients. Clients contract with Cordlife over a period of 18 or 21 years (again, depending on the age of majority in the respective countries) and pay for the services either at the time of subscribing for the service or in installments. The latter payment structure is adopted by approximately 75% of Cordlife Singapore existing client base of over 30,000. After the initial contract period, the child (then an adult) may choose to extend the service when he or she reaches the age of majority.

As stated above, private cord blood banking involves the collection, testing, processing and storage of cord blood for expectant parents who choose to subscribe for such services for the sole benefit of their children and their family members. The markets in Singapore and Hong Kong are primarily served by private banks, although a public bank is available in each jurisdiction.

In Singapore there are two private banks serving a market of approximately 40,000 live births per year, as compared to Hong Kong, where there are three major banks (including Cordlife Singapore) serving a market of approximately 80,000 clients live births per year in private hospitals. Currently, private cord blood banks are not permitted to collect cord blood from clients delivering in public hospitals.

In addition, GZ is also required by the government of the People's Republic of China (PRC) to store cord blood units donated by the public and offer matching units to patients in need of transplants (which is sometimes referred to as the "matching services" in section 1.10(i) below).

1.6 Business model and intentions for growth of the business: Cordlife Singapore's strategy is to grow the market for umbilical cord blood services and its market share in Singapore and Hong Kong through the following:

- (i) enhance its education and awareness programmes to ensure coverage of client segments which are currently under served;
- (ii) invest further in marketing of its brand, enhance its customer focus and focus on cost control and productivity; and
- (iii) seek additional, incremental, strategically sound growth opportunities to expand its businesses in other geographies in Asia (excluding Indonesia, India and the Philippines),

1.7 Board composition: If the demerger proceeds pursuant to the Capital Reduction, the Cordlife Singapore Board will initially comprise:

Chairman and Non-Executive Director – Dr. Ho, Choon Hou

Dr. Ho a co-founder of Cordlife Singapore. He is currently a Director at Southern Capital Group Limited, a private equity firm, which is principally involved in the management of investments for institutional investors. Prior to joining Southern Capital Group Limited, Dr Ho Choon Hou held various portfolios in the healthcare industry. From 2004 to 2007, he served as Executive Director at the National Healthcare Group. He was also the co-founder of Medfolders which was acquired by NovaMSC in 2000. In 2003 during the SARS crisis, he helped establish the Courage Fund for SARS victims and for his service in the frontline in Tan Tock Seng Hospital, he was awarded the Courage Star. In 2004, he won the National Healthcare Group Post-Graduate Scholarship. Dr Ho Choon Hou read Medicine at the University of Sheffield. He has a Master of Medicine (Surgery) from the National University of Singapore and obtained membership into the Royal College of Surgeons (Edinburgh). He obtained his Masters of Business Administration (Honours) from the University of Chicago.

Chief Executive Officer and Executive Director *YEE, Pinh Jeremy* (see management team overview in section 1.8 below).

The CBB Board prior to the demerger pursuant to the Capital Reduction intends also to appoint at least two independent directors to Cordlife Singapore should the demerger proceed.

- 1.8 **Management team:** On the implementation of the demerger pursuant to the Capital Reduction, the Cordlife Singapore senior management team will comprise:

Jeremy Yee: Executive Director and Chief Executive Officer:

Mr Yee *joined* the Cordlife Group in 2002 and has been a key executive since its establishment. Prior to CBB's listing on the ASX, he was the Group Chief Operating Officer. Previously he worked as a consultant at 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 services, finance, media and healthcare. In addition he worked on listings for medium sized companies in Singapore. He graduated with a BA(Econ)(Hons) and later attained a BCom (Prof Acct) and a MCom in Finance, Banking and Management.

He is *also* a member of the Australian Institute of Banking and Finance (AIBF) and a Global Association of Risk Professional (GARP). A recipient of the 2009 Business Leader Awards organised by SPRING Singapore, Mr Yee is also currently pursuing an MBA at the University of Chicago, Booth School of Business.

Hnin Yi Thet: Financial Controller

Ms *Thet* joined the Cordlife Group in 2007 as senior finance manager and has been instrumental in the development of the finance function, budget planning and various corporate actions. As Financial Controller of Cordlife Singapore she is responsible for all the finance operations, accounting, and budget planning and financial aspects of corporate development. Prior to joining the Cordlife Group, she was an Audit and Training Manager at Ernst and Young, Singapore. Ms Thet is an ACCA holder and is currently undertaking an MBA from the University of Manchester, Manchester Business School.

Gwendolene Yeo: General Manager Singapore

Ms *Yeo* joined the Cordlife Group in 2002 and has served as General Manager of the Singapore operations since 2008. She has overall responsibility for the day-to-day operations of the Singapore operations and is in-charge of the planning and execution of the business strategy. Her other previous roles in Cordlife have encompassed, marketing, sales and business development both in Singapore and in the region. Ms Yeo is a Communications graduate from the Royal Melbourne Institute of Technology and is currently pursuing a MBA from the University of Manchester, Manchester Business School, under SPRING Singapore's Management Development Scholarship.

Emily Cheung: General Manager Hong Kong

Ms *Cheung* is General Manager of Cordlife Hong Kong and has been in the subsidiary since its inception in September 2004 and been instrumental in the start up and growth of CBB. She has served as General Manager of the Hong Kong operations since 2008. As General Manager she is responsible for the day-to-day operations and is in-charge of the planning and execution of the business strategy. She has extensive experience in management and had worked in Hong Kong and Singapore at managerial level for more than 10 years before joining CordLife Hong Kong. Prior to CordLife, she had worked for a multi-national pharmaceutical company and also worked for a Singapore based company as General Manager She graduated from the University of South Australia and also gained her Master in Business Administration with the same University.

Cordlife Singapore intends to appoint a Chief Financial Officer after the demerger.

- 1.9 **Working capital requirements:** It is the intention that Cordlife Singapore will on a stand alone basis be sufficiently financed to continue the operation of the Mature Businesses as the Mature Businesses are currently cash flow positive.
- 1.10 **Risk Factors re Cordlife Singapore:** Investing in Cordlife Singapore Shares carries risks unusual to a comparable Australian company as Cordlife Singapore is incorporated in Singapore and is governed by the company laws and regulations of Singapore. In addition, after the demerger, Cordlife Singapore will not be subject to the ASX Listing Rules and accordingly holders of Cordlife Singapore Shares will not have the same level of protection to shareholders of listed companies on the ASX.

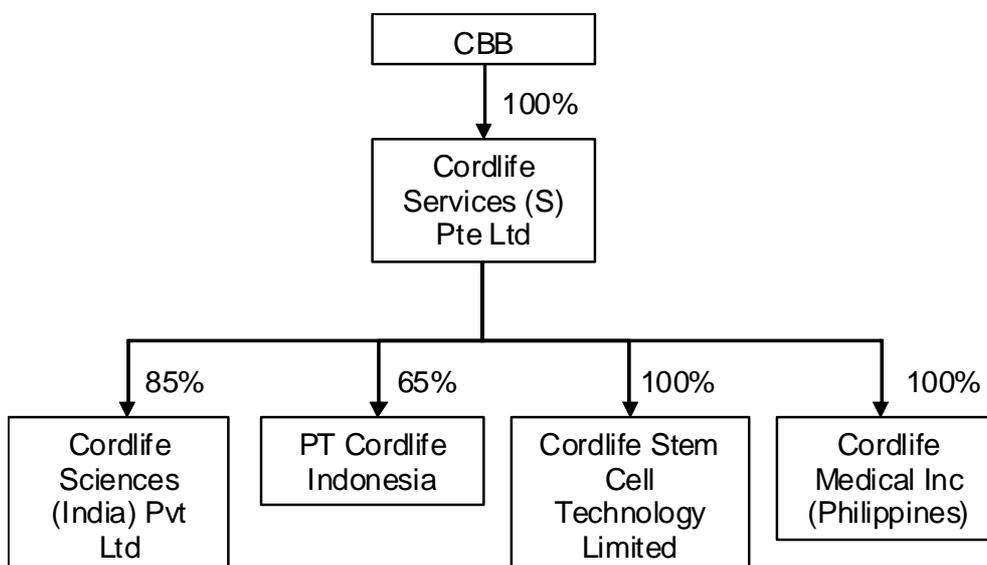
In addition to the differences in laws in Australia and Singapore, given the nature of the businesses of Cordlife Singapore, the following is an outline of some of the key risk considerations. This list is not exhaustive and it is recommended CBB shareholders obtain their own investment, legal, accounting and tax advice in respect of both the demerger and continuing to hold Cordlife Singapore Shares if the demerger is implemented.

- (i) Cordlife Singapore will be an unlisted, private company and accordingly the Cordlife Singapore Board actions will not be subject to the same controls and shareholder protection as a shareholder would have in respect of shares in a listed public company. For example where the Capital Reduction proceeds. Cordlife Singapore will NOT be subject to the application of the ASX Listing Rules or the Australian Corporations Act post 30 June 2011;
- (ii) should a Liquidity Event not occur by the Long Stop Date and should CBB exercise it rights (as holder of the Class A Share) to 'unwind' the demerger, there is no guarantee that the value of Cordlife Singapore will be same at the time of the 'unwinding' as it was at the time of the demerger. For reasons including the performance of Cordlife Singapore after the demerger, any changes in Singapore law and the actions taken by the (independent) Cordlife Singapore Board after the demerger, Cordlife Singapore could be worth more or less than it is at the date of the demerger.
- (iii) There will be limited or no secondary trading in Cordlife Singapore Shares;
- (iv) If all or part of the demand for stem cells is met by matching cord blood units (described in section 1.5 above) donated by the public to patients in need of transplants, demand for Cordlife Singapore and its subsidiaries' (**Cordlife Singapore Group**) services may decline, and its business and financial results may be materially adversely affected;

- (v) Cordlife Singapore Group currently operates its business only in Singapore and Hong Kong and it has an indirect interest in GZ. As a result of this geographic concentration, a downturn in the local economy or birth-rate level of Singapore, Hong Kong or Guangdong (PRC) could impair its growth and adversely affect its financial results;
- (vi) Cordlife Singapore Group's prospects may be adversely affected if there are no new developments in medical science to overcome some of the current technical and therapeutic limitations on the use of cord blood in medical treatment;
- (vii) The profitability of Cordlife Singapore Group's business is subject to market acceptance of cord blood banking in the countries in which Cordlife Singapore operates;
- (viii) Changes in the cord blood banking industry dynamics and technologies could render Cordlife Singapore Group's services uncompetitive or obsolete, which could cause its revenues to decline;
- (ix) Unauthorised use of Cordlife Singapore Group's brand name by third parties may adversely affect its business;
- (x) Cordlife Singapore's proposed strategic partnership with CBB may not be successful (as outlined in the material contracts detailed in Schedule 4);
- (xi) Cordlife Singapore's ability to attract and retain skilled management personnel could materially affect its business, results of operations and financial condition;
- (xii) Economic, political, legal and regulatory conditions in the countries in which Cordlife Singapore operates may materially and adversely affect its business, financial condition, results of operations, prospects and the market price of the Cordlife Singapore Shares;
- (xiii) Changes in government legislation, regulations or policies in the countries in which Cordlife Singapore operates which affect the cord blood banking industry or Cordlife Singapore's inability to obtain, renew or maintain Cordlife Singapore's statutory and regulatory licenses required to operate Cordlife Singapore's business may adversely affect Cordlife Singapore's business operations;
- (xiv) Uncertainty in the PRC legal system may make it difficult for GZ to secure regulatory consents or predict the outcome of any disputes in which it may be involved in or which may adversely affect its business;
- (xv) Singapore laws contain provisions that could discourage a take-over of Cordlife Singapore; and
- (xvi) There has been no valuation of Cordlife Singapore and no prior market for the Cordlife Singapore Shares.

Schedule 2 – Overview CBB (after Capital Reduction)

- 1.1 **Background:** The following material has been prepared on the assumption CBB shareholders approve the Capital Reduction with the demerger of Cordlife Singapore being implemented on 30 June 2011. Accordingly the information in this Schedule 2 is based on CBB on a stand alone basis after the demerger with Cordlife Singapore.
- 1.2 **Current business activities:** Clients enter a contract with CBB covering a period of 18 or 21 years (depending on the age of majority in the respective countries) and pay for the services (storage of cord blood) either at the time of subscribing for the service or by instalments. Approximately more than 80% of the existing clients have opted for the instalment payments. This allows the CBB to enjoy a steady stream of cash inflow over the contract period. After the initial contract, the child (then an adult) may choose to extend the service when he has reached the age of majority.
- 1.3 **Revenue:** Currently, substantially all CBB's revenue is generated from service fees from its cord blood banking operations in India, Indonesia and the Philippines, these businesses commenced operations in October 2007, April 2008 and February 2010 respectively.
- 1.4 **Cord blood industry:** The cord blood banking industry typically provides two types of service – private and public cord blood banking. The former involves the collection, testing, processing and storage of cord blood for expectant parents who choose to subscribe for such services for the sole benefit of their children and their family members. Public cord blood banking refers to parents who choose to donate their cord blood. The donated cord blood is subsequently made available to anyone, if it is a match for anyone who requires a stem cell transplant or for medical research.
- 1.5 **Geographical considerations:** In India, Indonesia and Philippines, the markets are primarily served by private banking. CBB is the sole licensed operator in Indonesia and Philippines at the moment. In India the market is served by several private banks.
- 1.6 **CBB corporate structure:** Should the demerger of Cordlife Singapore proceed in accordance with the proposed Capital Reduction, CBB will have the following corporate structure (excluding all dormant entities and investment companies):



- 1.7 **Business model and intentions for growth of the business:** Should the demerger proceed (with CBB shareholders approving the Capital Reduction) CBB intends to continue to be an ASX listed company with the objective of having sufficient capital to grow its cord blood banking operations to profitability in India, Indonesia and Philippines. The demerger will allow the management of CBB to better focus its resources in these developing countries.

Through alliances and licensing arrangements, CBB also intends to develop and market new products and services that are complementary to cord blood banking and/or the cord blood banking market, such as providing clients with processing and storage services of cord tissue.

In Indonesia and Philippines, CBB intends to leverage on its advantage as the largest operator in those regions to grow the current market through awareness and educational platforms tailored to the respective markets. In India CBB is expanding coverage, aiming to take market share in local jurisdictions where it currently does not have a presence.

- 1.8 **CBB Board composition:** If the Capital Reduction proceeds, CBB board of directors will remain unchanged, other than for the resignation of Jeremy Yee, who will assume the position Chief Executive Officer of Cordlife Singapore.
- 1.9 **CBB Management team:** Should the Capital Reduction proceed, the CBB senior management team will comprise:

Executive Director and Chief Executive Officer: Dr FANG, Steven

Dr Fang founded CordLife in Singapore in 2001 and negotiated the merger with Cytomatrix in 2003 which led to the establishment of CyGenics in 2004. CyGenics was subsequently renamed Cordlife Limited in 2007. He previously worked for Sterling Winthrop, Baxter and Becton Dickinson, where he undertook business development assignments in Malaysia, Korea, Taiwan, and the Philippines and spearheaded the establishment of private dialysis centres. At Becton Dickinson, he was the General Manager for Singapore, Malaysia and Vietnam. Steven is currently a council member of the Singapore British Business Council and International Enterprise Singapore's Action Community for Entrepreneurship – Internationalisation Action Crucible (IAC). He was a winner of the Spirit of Enterprise award and Outstanding Entrepreneurship Award (Asia Pacific) from APEA in 2003 and 2010 respectively. Steven holds a doctorate in Business Administration in Biotechnology with the University of South Australia and a MBA in Corporate Strategy as well as a first degree in Computer Engineering.

The CBB Board intends to undertake a review and appoint a new Chief Financial Officer where the demerger proceeds.

- 1.10 **CBB working capital requirements:**

CBB (excluding Cordlife Singapore) at 31 December 2010 had cash reserves of \$8,493,000. In addition CBB has entered into the CBB Bond pursuant to which it has secured additional funding of A\$7,412,000.

Taking into account existing cash reserves and the proceeds of the CBB Bond, CBB believes that it has sufficient working capital to continue to invest into the Developing Businesses in the near term to at least the same level as contributed in prior years.

- 1.11 **CBB Risk Factors:** There are always risks associated with investing in or continuing to hold shares, and to a degree the business risks relating to holding shares in CBB and to holding Cordlife Singapore Shares are similar - other than the Mature Businesses held by Cordlife Singapore have a positive cash flow and greater market penetration.

Without intending to be exhaustive, the following is intended as a summary of some of the key risks of continuing to hold shares in the CBB post the Capital Reduction of Cordlife Singapore:

- (i) If the proposed demerger proceeds, there would be expected to be a decrease in value of the CBB shares (as the Mature Businesses will be held by Cordlife Singapore which will become a stand alone company) and CBB's shares will reflect the risks of continued investment and development of the Developing Businesses;
- (ii) CBB's Developing Businesses may not be as successful due to the changes in management personnel;
- (iii) third party collaborations and opportunities that may have arisen or been developed with the combined Cordlife group (prior to the proposed Capital Reduction) may not develop, or develop to the same extent, with the changes to the geographical emphasis of the continuing Developing Businesses remaining with CBB);
- (iv) sufficiency of funding and ability to attract further investment, and on favourable terms, in the future;
- (v) CBB relies on its rights under the Trade Mark Agreement with Cordlife Singapore to use the Cordlife name and trademark.

Schedule 3 – Taxation considerations re Capital Reduction

Important note: All shareholders are advised to obtain their own advice as to the taxation implications of the Capital Reduction. The comments in this section are addressed to CBB shareholders holding their CBB shares on capital account and who will hold their Cordlife Singapore shares (after the Capital Reduction) on capital account.

It does not deal with CBB shareholders who are holding their CBB shares, or who will hold their Cordlife Singapore Shares (after the Capital Reduction), as trading stock or otherwise on revenue account.

This section considers the taxation implications for shareholders resident in Australia, Singapore, Hong Kong and the British Virgin Islands. The comments in this section do not deal with the circumstances of shareholders resident in other jurisdictions and such shareholders should obtain their own tax advice in respect of the taxation implications of the Capital Reduction in their jurisdiction of residence.

1.1 Australian taxation implications:

(a) *Return of capital*

- (i) The Capital Reduction constitutes a CGT Event G1. It results in a reduction in the cost base of a shareholder's share in CBB by the value of the Cordlife Singapore Shares. Where the amount of the Capital Reduction exceeds the cost base of the share then the cost base is reduced to zero and any excess is treated as a capital gain. Where the shareholder is an individual, superannuation fund or trust and the share has been held for more than 12 months then the capital gain is eligible to be treated as a discount capital gain.
- (ii) Where the Australian Commissioner of Taxation forms the view that the Capital Reduction has been made in substitution for the payment of a dividend, he may determine to treat part or all of the Capital Reduction as an unfranked dividend.
- (iii) Where the transaction is unwound and the value of the CBB shares received in consideration for the disposal of the Cordlife Singapore Shares is less than or equal to the cost base of the Cordlife Singapore Shares then Australian resident, individual, trust and superannuation fund shareholders will suffer a disadvantage (as against the position where the transaction had not occurred) as the new CBB shares issued to them will, for the purposes of the capital gains tax discount provisions in Division 115 of the Income Tax Assessment Act 1997, be acquired at the time of their issue and therefore they will need to hold those shares for more than 12 months from the issue date in order to access the CGT discount on a disposal of those shares.
- (iv) CBB has made an application to the ATO for a Ruling outlining the income tax consequences arising from the proposed Capital Reduction. Whilst CBB's legal representatives have had pre-lodgement discussions with the ATO regarding the matter, CBB does not expect the Ruling to be issued in final form by the date of the CBB shareholder approval.

(b) *Dividend distributions by Cordlife Singapore*

Australian resident shareholders will, generally, be subject to tax in respect of dividends paid to them in respect of their Cordlife Singapore Shares.

(c) Transfer of Cordlife Singapore Shares to CBB

Where the Capital Reduction transaction is unwound (due to the exercise by CBB of its rights as the holder of the Class A Share in Cordlife Singapore) and Cordlife Singapore Shares are transferred to CBB, this will constitute a CGT Event A1 to Australian resident shareholders in respect of their Cordlife Singapore Shares.

If the value of the CBB shares received is greater than the cost base held by the shareholder in their Cordlife Singapore Shares a capital gain will be realised. Shareholders may choose scrip for scrip rollover relief so as to defer recognition of that capital gain until they dispose of the CBB shares acquired. Where scrip for scrip rollover is chosen then, for the purposes of the capital gains tax discount provisions in Division 115 of the *Income Tax Assessment Act 1936*, shareholders will be deemed to have acquired their newly issued CBB shares at the time at which they acquired the Cordlife Singapore Shares that they have disposed.

If the value of the CBB shares received is less than the cost base held by the shareholder in their Cordlife Singapore Shares then a capital loss will be realised.

(d) Gains on disposal of Cordlife Singapore Shares

Generally, Australian resident shareholders holding their shares in Cordlife Singapore on capital account will be subject to Australian capital gains tax in respect of any gain on disposal of their Cordlife Singapore Shares.

1.2 Singapore taxation implications:**(a) Income Tax****(i) Return of capital**

- (A) The Capital Reduction involves the distribution of the entire issued ordinary share capital of Cordlife Singapore and represents a return of capital. Consequently the cost of investment held by shareholders in CBB will be reduced by the amount of capital returned.
- (B) For Singapore income tax purposes, a return of capital would generally be treated as capital in nature, and would not be taxable to the shareholders in Singapore, except in certain cases, such as shareholders who are traders in securities or who have classified their investments as trading stocks, marketable securities or short-term investments and shareholders who had not the intention to hold the shares as long-term investments.

(ii) Dividend distributions by Cordlife Singapore

- (A) Singapore does not impose withholding tax on dividends paid to Singapore resident or non-Singapore resident shareholders.
- (B) Under the one-tier tax corporate tax system in Singapore, the tax paid by a Singapore tax resident company is a final tax and the after-tax profits of the company can be distributed to its shareholders as one-tier tax exempt dividends.
- (C) Where Cordlife Singapore is tax resident in Singapore, Cordlife Singapore may distribute one-tier tax exempt dividends to its

shareholders. The dividend will be exempt from Singapore income tax in the hands of the shareholders.

- (iii) Gains on disposal of Cordlife Singapore Shares – including through a transfer of Cordlife Singapore Shares to CBB
 - (A) Singapore does not impose tax on capital gains. However, gains may be construed to be of an income nature and subject to Singapore income tax if they arise from activities which are regarded as the carrying on of a trade or business and the gains are sourced in Singapore.
 - (B) As such, any profits from the disposal of Cordlife Singapore Shares, if regarded as capital profit, are not taxable in Singapore unless the seller is regarded as having derived these profits as Singapore-sourced profits from carrying on a trade or business of dealing in securities, in which case, the disposal profits would be taxable as trading profits.

(b) Stamp Duty

Stamp duty is payable on an instrument of transfer of Cordlife Singapore Shares at the rate of S\$0.20 for every S\$100 or any part thereof of the consideration or market value of the shares, whichever is higher. The transferee is liable for stamp duty, unless there is an agreement to the contrary. However, no stamp duty is payable if no instrument of transfer is executed or if the instrument of transfer is executed outside Singapore. Stamp duty may be payable if the instrument of transfer executed outside Singapore is subsequently received in Singapore.

(c) Goods and Services Tax (“GST”)

- (i) Return of Capital

The distribution of shares in Cordlife Singapore in specie to the shareholders would not be subject to any GST.
- (ii) Sale of Cordlife Singapore Shares
 - (A) The sale of shares in Cordlife Singapore by a shareholder belonging in Singapore to another person belonging in Singapore is an exempt supply not subject to GST. Any GST (for example, GST on brokerage) incurred by the shareholder in connection with the making of this exempt supply would generally become an additional cost to the shareholder unless the shareholder satisfies certain conditions prescribed under the GST legislation or by the Comptroller of GST.
 - (B) Where the shares are sold by a GST-registered shareholder to a person belonging outside Singapore (and who is outside Singapore at the time of supply), the sale would constitute a taxable supply subject to GST at zero-rate. Consequently, any GST (for example, GST on brokerage) incurred by him in the making of this zero-rated supply for the purpose of his business would, subject to the conditions prescribed under the GST legislation or by the Comptroller of GST, be recoverable as an input tax credit in his GST returns.

- (iii) GST incurred on expenses in connection with the purchase and sale of the shares
 - (A) Services such as brokerage and handling services rendered by a GST-registered person to a shareholder belonging in Singapore in connection with the shareholder's purchase or sale of the shares will be subject to GST at the prevailing rate (currently 7%). Similar services rendered contractually to a shareholder belonging outside Singapore are subject to GST at zero-rate provided that the shareholder is not physically present in Singapore at the time the services are performed and the services do not directly benefit a person who belongs in Singapore.
 - (B) Shareholders should seek their own tax advice on the recoverability of GST incurred on expenses in connection with the purchase and sale of the shares.

1.3 Hong Kong taxation implications:

(a) *Profits Tax*

- (i) Return of capital

Hong Kong does not impose tax on gains of a capital nature. The Capital Return by way of a distribution of Cordlife Singapore Shares is generally regarded as capital sums in the hands of the shareholders and therefore is not subject to Hong Kong Profits Tax unless the shareholders have the intention to hold the shares for trading purposes.

- (ii) Dividend distributions by Cordlife Singapore

Hong Kong does not tax dividend income in the hands of the shareholders as a matter of law or practice.

- (iii) Gains on disposal of Cordlife Singapore Shares – including through a transfer of Cordlife Singapore Shares to CBB

Hong Kong does not impose tax on capital gains or trading gains sourced outside Hong Kong. As such, gains on disposal of unlisted Cordlife Singapore Shares are not subject to Hong Kong Profits Tax if the shareholders hold the shares for long term capital investment purposes. If the gains are regarded by the Hong Kong tax authority as trading in nature, the gains would generally not be subject to Hong Kong Profits Tax if both the contract of purchase (i.e. the Capital Reduction agreement) and contract of sale of the shares are negotiated, concluded and affected outside Hong Kong. Having said that, the Hong Kong tax authority may also look at totality of factors, including factors other than the place where the purchase and sale contracts are effected, to ascertain the location of the relevant operations (i.e. the source) that produce the gains to determine its taxability. In Hong Kong, as the onus of proof is on the taxpayers, sufficient documentation should be available to substantiate that the location of the relevant operations is outside Hong Kong to support the offshore claim on the trading gains.

(b) Stamp Duty

On the basis that the Cordlife Singapore Shares are not listed in Hong Kong and neither is the share register maintained in Hong Kong, the transfer of Cordlife Singapore Shares will not trigger stamp duty in Hong Kong.

1.4 British Virgin Islands taxation implications:

In the British Virgin Islands, there is no tax levied on capital gains. Also, all British Virgin Islands companies are exempt from all taxes in the British Virgin Islands, with the exception of transactions involving real estate situated in the British Virgin Islands.

Further, individuals are not subject to tax on investment income in the British Virgin Islands. Moreover, personal income tax payable under the Income Tax Ordinance is presently applied at a 0% rate.

Therefore, there should be no adverse income tax implications arising in the British Virgin Islands for the shareholders of CBB from any of the proposed transactions.

Schedule 4 – Additional information for Resolution 1

1.1 Class A Share terms – Cordlife Singapore

One Class A Share in Cordlife Singapore prior to the implementation of the Capital Reduction will be allotted to CBB. It is a preference share having the following limited rights:

- (a) no entitlement to rights to dividends or other distributions, whether in cash, in kind or in specie.
- (b) rank in priority over the Cordlife Singapore Shares and all other shares of Cordlife Singapore for the return of assets or capital for the amount of Singapore \$1.00 in the event of any liquidation, dissolution or winding-up of Cordlife Singapore, but shall not thereafter participate in the surplus profits or assets of Cordlife Singapore.
- (c) not be entitled to vote at a General Meeting.
- (d) shall be automatically redeemed if CBB is delisted or disposes of all, or substantially all, of its assets.
- (e) Where a Liquidity Event does not occur by the Long Stop Date, CBB as the holder of the Class A Share shall have the right (but not obligation) to repurchase (and the Cordlife Singapore Shareholders are obliged to sell if CBB elects to purchase) the Cordlife Singapore Shares, representing the entire issued and paid up capital of the Cordlife Singapore, in return for which CBB shall issue and allot to the Cordlife Singapore Shareholders such number of ordinary CBB shares as follows:

$$NS = (CSv / CBBv) \times IC$$

Where:

NS – the number of new CBB shares to be issued under in aggregate on the exercise of the Class A Share rights to purchase the Cordlife Singapore Shares

CSv – the value of Cordlife Singapore as at the Ex Date for the Capital Reduction (as determined by an independent expert)

CBBv – the value of CBB as at the Ex Date of the Capital Reduction (ie being equal to the capitalisation of CBB applying the closing bid price for CBB shares on the Record Date of the Capital Reduction)

IC – the number of CBB shares on issue as at the date of completion after the purchase of the Cordlife Singapore Shares on exercise of the rights of the holder of the Class A Share (that is the aggregate issued shares in CBB after the new issue of CBB shares on acquisition of the Cordlife Singapore Shares).

1.2 CBB Bond

CBB and Cordlife Singapore have entered into the CBB Bond with City Challenge pursuant to which it has secured funding of A\$7,412,000.

As part of the terms for issue of the CBB Bond, CBB granted to the Bond holder an option which converts into 21,800,000 CBB Shares at an exercise price of 40 cents per CBB share (**CBB Option**).

In addition, on the approval of the Capital Reduction; Cordlife Singapore will issue City Challenge the Singapore Shares Option which on exercise permits City Challenge to subscribe for that number of Cordlife Singapore Shares which would be issued to City Challenge if City Challenge had exercised the CBB Option immediately prior to the above Ex Date, at zero exercise price and otherwise on the terms set out in the Singapore Shares Option. The Singapore Shares Option cannot be exercised if the CBB Option had already been exercised prior to the date of the grant of the Singapore Shares Option.

On exercise of the CBB Option, CBB is treated as having repaid the CBB Bond and all accumulated interest under the CBB Bond with those proceeds applied towards the exercise price under the CBB Option.

The Bond has a Redemption Value of A\$9,802,370 and a Maturity Date being 2 years from the date of the CBB Bond.

Subject to the conditions of the CBB Bond (including the automatic exercise of the CBB Option and the corresponding deemed redemption of the CBB Bond on the occurrence of a Trigger Event) CBB will redeem the CBB Bond on the Maturity Date and

- (i) if the redemption is not in conjunction with the exercise of the CBB Option, pay the Redemption Value in full to City Challenge (for the outstanding amount of the CBB Bond which has not been the subject of an Early Redemption) on the Maturity Date, in which case the CBB Option and the Singapore Shares Option will immediately lapse on the Maturity Date; or
- (ii) if the redemption is in conjunction with an exercise of the CBB Option, redeem for an amount equal to the Issue Price of the CBB Bond (A\$7,412,000) plus the Option Exercise Bond Yield (15% per annum on the Issue Price compounding annually). This amount is to be applied by CBB on behalf of City Challenge in paying the outstanding exercise price of the CBB Option.

Either CBB or City Challenge at any time after 12 months may require the CBB Bond to be redeemed prior to the Maturity Date, in which case CBB shall pay City Challenge the Issue Price of A\$7,412,000 plus the Early Redemption Yield (being a pro rata payment 15% per annum on the Issue Price compounding annually).

For the period that the CBB Bond is outstanding, to the extent City Challenge must pay taxes on the CBB Bond, CBB will bear those taxes.

CBB agrees to pay interest on any overdue amount at the rate of the 17% pa.

CBB indemnifies City Challenge against any claim, cost, loss, damage or expense made against, suffered, incurred or payable by it, as a result of or in connection with (i) the enforcement of or the preservation or exercise of a right, remedy or power under any Bond Document, (ii) the occurrence of an Event of Default; or (iii) liability for payment of Taxes arising under the CBB Bond documents.

City Challenge may terminate the CBB Bond upon the occurrence of an Event of Default, in which case CBB must pay the Early Redemption Yield and in so doing the CBB Option and the Singapore Shares Option will automatically immediately lapse and not be capable of exercise by City Challenge. The Events of Default include: a failure to pay; CBB does not maintain a minimum cash balance to meet at least 100% of its principal obligations (being the Issue Price of the CBB Bond); CBB fails to remedy a default under the Bond Deed within 5 days; a receiver or administrator is appointed to CBB; insolvency events occur or there occurs a material adverse effect with respect to a warranty provided under the Bond Deed.

CBB and City Challenge provide warranties to each other conventional for this type of transaction.

The CBB Bond is not transferable for the period of 12 months from issue, but after this period it is transferrable together with the CBB Option and the Singapore Shares Option (if granted prior to the date of transfer). The CBB Bond is governed by the law in force in Victoria.

Trigger Event: means the occurrence of both:

- (a) CBB's shareholders approving a scheme of arrangement to be carried out in relation to the Issuer in accordance with the *Corporations Act 2001* (Cth); or
- (b) CBB issuing a notice of general meeting to approve the sale or disposal of all or a substantial part of the assets of the CBB (including without limitation a divesting by CBB of any substantial business operations on a capital reduction), whether conditional or unconditional;

and one of the following:

- (c) a return is generated in respect of the Cordlife Singapore Shares (for example via a takeover or trade sale) of no less than 6x PE ratio of 2010 audited net income of Cordlife Pte Ltd, or
- (d) the sale for cash of all, or substantially all, of the assets or main undertaking of Cordlife Singapore.

1.3 **Material contracts governing relationship between CBB and Cordlife Singapore after the demerger**

A. Co-operation Agreement with CBB

Co-operation Agreement between Cordlife Singapore and CBB (Co-operation Agreement).

Under the Co-operation Agreement, Cordlife Singapore authorises CBB and/or any of its subsidiaries which engages, in the business of cord blood banking, from the date and duration of the Co-operation Agreement to enter into a cord blood banking contract with any customers of CBB and/or any of its subsidiaries which engages in the business of cord blood banking, on its behalf if any of such customers requests to use the cord blood banking facility in the jurisdiction where Cordlife Singapore is in operation, such as Singapore, Hong Kong and the PRC (**Cordlife Singapore Jurisdiction**).

Likewise, CBB authorises Cordlife Singapore and/or any of its subsidiaries which engages in the business of cord blood banking, to enter into a cord blood banking contract with any customers of Cordlife Singapore and/or any of its subsidiaries which engages in the business of cord blood banking, on its behalf if any of such customers requests to use the cord blood banking facility in the jurisdiction where CBB is in operation, such as India, the Philippines and Indonesia (**CBB Jurisdiction**). Both parties have the rights to refuse to store and bank the cord blood of any customers in its facilities if the cord blood is unsuitable for storage.

The Co-operation Agreement is for a 3 year period commencing from the date of the Capital Reduction in relation to Indonesia and the Philippines, and for 5 years in relation to India.

Each party will pay the other, a commission 50% of the first instalment under the Annual Plan, Schedule of Fees each time a referral is made. However, no commission will be paid if the

contract with the customer is terminated pursuant to the cord blood not being collected, or in any event which renders the cord blood unsuitable for storage.

In addition, CBB has provided limited and qualified warranties under the Co-operation Agreement in relation to the following matters:

- (a) all necessary corporate, regulatory and governmental consents and approvals have been obtained;
- (b) all statements of fact in the Co-operation Agreement are true and accurate;
- (c) its power and authority to perform and consummate the transactions contemplated in the Co-operation Agreement;
- (d) there being no conflict with, or material breach or default under CBB's constitution or any agreement to which it is a party to, as a result of the Co-Operation Agreement;
- (e) CBB is not in liquidation, or being wound-up, nor has any legal proceedings been initiated against CBB in relation to any CBB asset, in Singapore, Australia or elsewhere in relation to its respective property, revenue or assets.

CBB provides the standard indemnities to Cordlife Singapore, including that all directors, employees and representatives will be fully indemnified against all liabilities, costs and expenses.

The Co-operation Agreement may be terminated by any party with respect to another party if an order is made or a resolution is passed for the winding up of that other party, or for the appointment of a liquidator, receiver, or similar officer of that other party. The parties may also terminate this Co-operation Agreement by notice given by the terminating party to the other party, if there has been a material breach of any of the Co-operation Agreement. The Co-operation Agreement is governed by the Laws of Singapore.

B. Co-operation Agreement with Cordlife Stem Cell Technology Limited Ltd

Co-operation Agreement between Cordlife Singapore and Cordlife Stem Cell Technology Ltd (Cordlife Umbilical) (CUO Agreement).

Under the CUO Agreement, Cordlife Singapore and/or any of its subsidiaries which engage in the business of cord blood banking, from the date and duration of the agreement, will market and sell the storage and banking of cord with Cordlife Umbilical to any of its customers. However, Cordlife Umbilical has the right to refuse to store and bank the cord blood of any customers in its sole discretion.

The CUO Agreement is for a 18 month period commencing from the date of the Capital Reduction.

A commission of 70% of the fees payable by the customer to Cordlife Umbilical each time a referral is made. However, no commission will be paid if the contract with the customer is terminated pursuant to the cord blood not being collected, or in any event which renders the cord blood unsuitable for storage.

In addition, the parties have provided limited and qualified warranties in relation to the following matters:

- (f) all necessary corporate, regulatory and governmental consents and approvals have been obtained;
- (g) all statements of fact in the CUO Agreement are true and accurate;

- (h) its power and authority to perform and consummate the transactions contemplated in the CUO Agreement;
- (i) there being no conflict with, or material breach or default under CBB's constitution or any agreement to which it is a party to, as a result of the agreement; and
- (j) CBB is not in liquidation, or being wound-up, nor has any legal proceedings been initiated against CBB in relation to any CBB asset, in Singapore, Australia or elsewhere in relation to its respective property, revenue or assets.

Cordlife Umbilical provides the standard indemnities to Cordlife Singapore, including that all directors, employees and representatives will be fully indemnified against all liabilities, costs and expenses.

The CUO Agreement may be terminated by any party with respect to another party if an order is made or a resolution is passed for the winding up of that other party, or for the appointment of a liquidator, receiver, or similar officer of that other party. The parties may also terminate the CUO Agreement by notice given by the terminating party to the other party, if there has been a material breach of any of the CUO Agreement. The CUO Agreement is governed by the Laws of Singapore.

C. License Agreement re Trade Marks

Trade Mark Licence Agreement between Cordlife Singapore and CBB (**TM Agreement**).

Under the TM Agreement, Cordlife Singapore grants CBB the non-transferable right and licence within each CBB Jurisdiction (plus Australia and such further territories which the parties may agree in writing) for the Relevant Term applicable (see below) in each CBB Jurisdiction to:

- (a) use "CORDLIFE" as part of its business name;
- (b) use the Trade Marks in respect of the Permitted Services (provision of cord blood and tissue banking services which include the collection, processing and cryopreservation storage of cord blood stem cells and umbilical cord tissue);
- (c) grant sub-licences to the controlled entities in Indonesia, Philippines and India to use "CORDLIFE" as part of the business name of the said entities in the manner specified and subject to each such entity entering into a sub-licence agreement with CBB on terms acceptable to Cordlife Singapore; and
- (d) grant sub-licences to CBB sub-Licensees to use the Trade Marks in respect of the Permitted Services, subject to each such entity entering into a sub-licence agreement with CBB on terms acceptable to Cordlife Singapore.

(Collectively, the **Licensed Rights**)

The Term of the TM Agreement is 5 years from the date of the Capital Reduction.

The parties agree that in relation to the Licensed Rights:

- (e) The Relevant Term of the Licensed Rights (**Relevant Term**) granted in relation to each CBB Jurisdiction shall commence from the Commencement Date and terminate upon the earliest of:
 - (i) the termination of the TM Agreement;

- (ii) in respect of Indonesia and the Philippines, the expiry of three years from the Commencement Date;
- (iii) in respect of India, the expiry of five years from the Commencement Date;
- (iv) in respect of Australia, the expiry of five years from the Commencement Date;
or
- (v) in respect of a CBB Jurisdiction, the exercise by Cordlife Singapore of its rights under the First Right of Refusal Agreement to acquire the shares of CBB's subsidiary or affiliate.

The Licensed Rights granted in respect of Australia, Philippines, India and Indonesia shall be exclusive for the duration of the TM Agreement.

Nothing in the Agreement prevents Cordlife Singapore or its sub-licensees from rendering consultation services under the Trade Marks to CBB sub-licensees in any CBB Jurisdiction under the Service Agreement as described at item 5 below.

CBB agrees and undertakes that any and all such sub-licences granted by CBB shall not be for a term exceeding the remainder of the term of the TM Agreement, each sub-licensee shall abide such requirements as to quality standards of any services in respect of which the Trade Marks have been applied and it shall ensure and procure the due and timely performance by each sub-licensee of its obligations under each sub-licence agreement.

CBB acknowledges and agrees and shall procure that each CBB sub-licensee acknowledges and agrees that Cordlife Singapore is the sole owner of the Trade Marks and the valuable goodwill attached thereto and all rights, title and interest in and to the Trade Marks and all rights to use the Trade Marks are vested in, and the benefit of all registrations or applications for registration thereof are vested in, and owned by Cordlife Singapore. All goodwill and other rights, if any, generated or associated with its use of the Trade Marks by CBB and/or any CBB sub-licensee shall at all times be deemed to have accrued to and inure to the sole benefit of Cordlife Singapore.

The TM Agreement places the ordinary restrictions on CBB's use of the Trade Marks and requires CBB to notify Cordlife Singapore upon becoming aware of any infringement or possible infringement of the Trade Marks.

Cordlife Singapore shall have the conduct of all proceedings relating to the Trade Marks and shall in its sole discretion decide on the type of action, if any, to be taken. Cordlife Singapore shall not be obliged to bring or defend any proceedings in relation to the Trade Marks. Neither CBB nor any CBB sub-licensee shall be entitled to take or institute any proceedings or action in connection with the Trade Marks without the express written approval of Cordlife Singapore, nor shall CBB nor any CBB sub-licensee be entitled to call upon Cordlife Singapore to take infringement or other proceedings in connection with any matter affecting its interests or the Trade Marks.

Each party warrants and represents to the other that it has full power and authority to enter into the TM Agreement. Cordlife Singapore does not provide any further or other warranties or representations as to Trade Marks. Cordlife Singapore shall not be obliged to apply for or maintain in force any registrations in relation to any Trade Marks.

Cordlife Singapore shall be entitled to terminate the TM Agreement where CBB or its sub-licensees commit an unremedied material breach of the TM Agreement or the Cooperation Agreement ends for any reason. The TM Agreement will also terminate if CBB or one of its sub-licensees experiences an insolvency event or where there is a change of control with respect to either of the parties or their related entities.

CBB provides the standard indemnities to Cordlife Singapore for any breach, default, negligent act or omission, wilful default, misconduct or fraud by CBB or its sub-licensees and for any claim that any product or service sold by CBB or its sub-licensees caused any losses.

The TM Agreement is governed by the laws of Singapore.

D. Non-compete Agreement

Non-compete Agreement between Cordlife Singapore and CBB (Non-compete Agreement).

Under the Non-compete Agreement, Cordlife Singapore will not undertake any activities or carry on any business or trade that competes directly with the business carried on or proposed to be carried on by CBB in the jurisdiction where CBB is in operation, such as India, the Philippines and Indonesia.

The duration for the non-competition will be for a periods of at least 3 years from the date of the Capital Reduction in relation to Indonesia and the Philippines, and at least 5 years in relation to India.

CBB has provided limited and qualified warranties under the Non-compete Agreement including in relation to the following matters:

- (a) all necessary corporate, regulatory and governmental consents and approvals have been obtained;
- (b) all statements of fact in the Non-compete Agreement are true and accurate;
- (c) its power and authority to perform and consummate the transactions contemplated in the Non-compete Agreement;
- (d) there being no conflict with, or material breach or default under CBB's constitution or any agreement to which it is a party to, as a result of the Non-compete Agreement; and
- (e) CBB is not in liquidation, or being wound-up, nor has any legal proceedings been initiated against CBB in relation to any CBB asset, in Singapore, Australia or elsewhere in relation to its respective property, revenue or assets.

The Non-compete Agreement may be terminated by any party with respect to another party if an order is made or a resolution is passed for the winding up of that other party, or for the appointment of a liquidator, receiver, or similar officer of that other party. The parties may also terminate this Non-compete Agreement by notice given by the terminating party to the other party, if there has been a material breach of any of the Agreement. The Agreement is governed by the Laws of Singapore.

E. Service Agreement

Service Agreement between Cordlife Singapore and CBB (Service Agreement).

Under the Service Agreement, Cordlife will provide consulting services in the area of quality assurance, information technology and other areas as the parties may agree to Cordlife Singapore. In consideration of these services, Cordlife Singapore will pay Cordlife a fee, based on the direct cost of the services plus a margin.

Cordlife has provided limited and qualified warranties under the Service Agreement including in relation to the following matters:

- (a) all necessary corporate, regulatory and governmental consents and approvals have been obtained;
- (b) all statements of fact in the Service Agreement are true and accurate;
- (c) its power and authority to perform and consummate the transactions contemplated in the Service Agreement;
- (d) there being no conflict with, or material breach or default under Cordlife's constitution or any agreement to which it is a party to, as a result of the Service Agreement; and
- (e) Cordlife is not in liquidation, or being wound-up, nor has any legal proceedings been initiated against Cordlife in relation to any Cordlife asset, in Singapore, Australia or elsewhere in relation to its respective property, revenue or assets.

The Service Agreement may be terminated by any party with respect to another party if an order is made or a resolution is passed for the winding up of that other party, or for the appointment of a liquidator, receiver, or similar officer of that other party. The parties may also terminate this Service Agreement by notice given by the terminating party to the other party, if there has been a material breach of any of the Service Agreement. The Service Agreement is governed by the Laws of Singapore.

F. Right of First Refusal

The Right of First Refusal Agreement between Cordlife Singapore and CBB (Right of First Refusal Agreement).

In accordance with the Right of First Refusal Agreement, CBB grants a right of first refusal to Cordlife Singapore, from the date of the Right of First Refusal Agreement on the following terms:

- (a) CBB will, subject to the applicable laws and regulations, give written notice to Cordlife Singapore of any proposed offer to purchase from CBB any Relevant Asset (where **Relevant Asset** means the equity interests or businesses of Cordlife Sciences (India) Pvt Ltd, PT Cordlife Indonesia and Cordlife Medical Inc (Philippines) and the shares or equity interests in any other entity which engages in the business of cord blood banking in Indonesia, the Philippines and India where CBB has the capacity to influence decision-making of such an entity) proposed for sale,
- (b) subject to Cordlife Singapore giving a confidentiality undertaking, the written notice will be accompanied by copies of the offer documents and other supporting documents in relation to the relevant proposed offer (collectively, the **Offer Documents**); and
- (c) in the event that:
 - (i) Cordlife Singapore does not enter into a binding commitment for the purchase of the Relevant Asset from CBB within 60 days from the date of Cordlife Singapore's receipt of the written notice with the Offer Documents; or
 - (ii) Cordlife Singapore indicates in writing to CBB that it will not be purchasing the Relevant Asset; or
 - (iii) the proposed purchase of the Relevant Asset is abandoned or terminated by Cordlife Singapore,

CBB will be entitled to sell its Relevant Assets to a third party on terms and conditions no more favourable than those offered to Cordlife Singapore.

The Right of First Refusal Agreement applies for a period of 3 years from the date of the Capital Reduction in relation to Relevant Assets in Indonesia and the Philippines, and for 5 years in relation to Relevant Assets in India.

The Right of First Refusal Agreement may be terminated by one party if an order is made or a resolution is passed for the winding up of the other party or for the appointment of a liquidator, or similar officer of the other party. The Right of First Refusal Agreement is governed by the Laws of Singapore.

1.4 Directors' Share Qualifications, Remuneration and Interests

No director of CBB or Cordlife Singapore will receive any payment or benefit of any kind as a consequence of the Capital Reduction other than as a shareholder of CBB. Directors who hold shares in CBB at the Record Date will participate in the Capital Reduction to the same extent as all other shareholders.

The current interests of CBB Directors are:

- (i) Steven Fang 500,000 performance rights (with a zero exercise price and convertible into the same number of CBB shares);
- (ii) Jeremy Yee 500,000 performance rights (with a zero exercise price and convertible into the same number of CBB shares);
- (iii) Samuel Kong 350,000 performance rights (with a zero exercise price and convertible into the same number of CBB shares);
- (iv) Mark Ryan 100,000 performance rights (with a zero exercise price and convertible into the same number of CBB shares);
- (v) Voiron Chor 100,000 performance rights (with a zero exercise price and convertible into the same number of CBB shares).

which performance rights as outlined above vest over three years or earlier on the implementation of the Capital Reduction.

Prior to the implementation of the Capital Reduction all of the issued shares in Cordlife Singapore are owned by CBB.

Schedule 5 - Financial Information regarding Resolution 1

Please see attached

ANNEXURE 1: FINANCIAL INFORMATION

1. Introduction

This section contains a summary of the Historical Financial Information for the Cordlife Limited Group and the Pro-Forma Financial Information for the Cordlife Limited Group after the spin-off of Cordlife Pte Ltd Group. The Pro-Forma Financial Information of the Cordlife Pte Ltd Group has also been presented. The basis for preparation and presentation is set out below.

The Historical and Pro-Forma Financial Information has been prepared by management and adopted by the Directors.

2. Basis of preparation

The Historical and Pro-Forma Financial Information has been prepared in accordance with the measurement and recognition principles prescribed in Australian Accounting Standards adopted by the Australian Accounting Standards Board, which comply with the recognition and measurement principles of the International Financial Reporting Standards and interpretations adopted by the International Accounting Standards Board. The accounting policies used in preparation of the Historical Financial Information are consistent with those set out in Cordlife Limited's half-year report to 31 December 2010 and annual report for the year ended 30 June 2010.

The Historical and Pro-Forma Financial Information is presented in an abbreviated format and does not contain all the disclosures required by Australian Accounting Standards in an annual financial report prepared in accordance with the Corporations Act.

The Historical and Pro-Forma Financial Information has been derived from Cordlife Limited's financial reports for the year ended 30 June 2010 and the half-year ended 31 December 2010 along with Cordlife's management information, where applicable. Cordlife Limited's annual report for the year ended 30 June 2010 has been audited by Ernst & Young in accordance with Australian Auditing Standards. Cordlife Limited's financial report for the half-year ended 31 December 2010 was not audited but has been subject to review by Ernst & Young in accordance with Australian Auditing Standards applicable to review engagements. The respective audit opinion and review statements issued to Cordlife Limited in relation to those financial reports were unqualified.

Complete versions of Cordlife Limited's financial reports for these periods are available from Cordlife's Limited's website www.cordlife.com.au, or the ASX's website www.asx.com.au.

Historical Financial Information

The Historical Financial Information disclosed in this annexure contains the following information:

- The historical consolidated statements of comprehensive income of Cordlife Limited and its controlled entities for the half-year ended 31 December 2010 and the year ended 30 June 2010;
- The historical consolidated statements of financial position of Cordlife Limited and its controlled entities as at 31 December 2010 and 30 June 2010; and
- The historical consolidated statements of cash flow of Cordlife Limited and its controlled entities for the half-year ended 31 December 2010 and the year ended 30 June 2010.

Pro-Forma Financial Information for Cordlife Limited post spin-off of Cordlife Pte Ltd Group of Companies

The group structure of Cordlife Limited post spin-off of the Cordlife Pte Ltd Group of Companies ("Cordlife Limited post spin-off") is reflected in Appendix 1 of this annexure.

Pro-forma consolidated statement of comprehensive income and consolidated statement of cash flow

The pro-forma adjustments made in the preparation of the pro-forma consolidated statement of comprehensive income and consolidated statement of cash flow for Cordlife Limited post spin-off for the year ended 30 June 2010 and the half-year ended 31 December 2010 is presented as if the spin-off was effective from 1 July 2009. The pro-forma adjustments include the arithmetical subtraction of the financial performance and cash flow of the Cordlife Pte Ltd Group of Companies (company structure as denoted in Appendix 2), from the audited consolidated financial statements of Cordlife Limited and its consolidated entities for the year ended 30 June 2010 and the unaudited consolidated financial statements of Cordlife Limited and its consolidated entities for the half-year ended 31 December 2010.

Cordlife Pte Ltd Group of Companies operated as part of Cordlife Limited during the periods for which financial information is presented and therefore Cordlife Pte Ltd Group of Companies' pro-forma consolidated statement of comprehensive income and consolidated statement of cash flow does not purport to represent the actual financial performance and cash flow position that would have occurred had Cordlife Pte Ltd Group of Companies been a separate legal entity during the periods presented, principally because:

- Cordlife Pte Ltd Group of Companies did not operate independently of Cordlife Limited during the periods for which financial information is presented;
- Cordlife Pte Ltd Group of Companies' pro-forma statement of comprehensive income and statement of cash flow may not reflect the strategies or operations that Cordlife Pte Ltd Group of Companies may have followed or undertaken as a separate legal entity rather than as part of Cordlife Limited; and
- Cordlife Pte Ltd Group of Companies may have been exposed to different financial and business risks had it operated as a separate legal entity rather than as part of Cordlife Limited.

Pro-forma consolidated statement of financial position

Cordlife Limited post spin-off's pro-forma consolidated statement of financial position as at 30 June 2010 and 31 December 2010 has been prepared on the basis that the spin-off was completed on 30 June 2010 and 31 December 2010 and the proposed in specie distribution of the ordinary share capital of Cordlife Pte Ltd pursuant to the pro-rata capital reduction by Cordlife Limited has been undertaken at the book value of Cordlife Pte Ltd Group of Companies as at 30 June 2010.

The pro-forma adjustments include the arithmetical subtraction of the financial position of the Cordlife Pte Ltd Group of Companies (company structure as denoted in Appendix 2), from the audited consolidated financial statements of Cordlife Limited and its consolidated entities for the year ended 30 June 2010 and the unaudited consolidated financial statements of Cordlife Limited and its consolidated entities for the half-year ended 31 December 2010.

Pro-forma adjustments have been made to reflect:

- The removal of the goodwill attributed to the Cordlife Pte Ltd Group of Companies as at 31 December 2010 and 30 June 2010;
- The subtraction of the net assets of Cordlife Pte Ltd Group of Companies as at 30 June 2010 and 31 December 2010 from the audited consolidated financial statements of Cordlife Limited and its consolidated entities for the year ended 30 June 2010 and the unaudited consolidated financial statements of Cordlife Limited and its consolidated entities for the half-year ended 31 December 2010; and
- The distribution of shareholders' funds pursuant to the pro-rata capital reduction has been undertaken at the book value of Cordlife Pte Ltd Group of Companies as at 30 June 2010.

Cordlife Limited post spin-off's pro-forma consolidated statement of financial position as at 30 June 2010 and 31 December 2010 does not represent the actual financial position of Cordlife Limited post spin-off at the time of the spin-off, but represents an indication of Cordlife Limited post spin-off's pro-forma consolidated statement of financial position as at 30 June 2010 and 31 December 2010 in the circumstances set out above.

Pro-Forma Financial Information for Cordlife Pte Ltd Group of Companies (presented in Singapore Dollar)

The group structure of the Cordlife Pte Ltd Group of Companies (“Cordlife Singapore”) is reflected in Appendix 2 of this annexure.

The Pro-Forma Financial Information for Cordlife Singapore for the year ended 30 June 2010 and the half-year ended 31 December 2010 has been extracted from Cordlife Limited’s consolidated financial reports for the year ended 30 June 2010 and for the half-year ended 31 December 2010, with Singapore Dollar as its presentation currency.

This translation was performed by applying the appropriate Singapore Dollar exchange rate at 30 June 2010 and 31 December 2010 to convert the functional currencies of each entity within Cordlife Singapore to a Singapore Dollar presentation currency. The assets and liabilities of entities with functional currencies other than Singapore dollar were converted into Singapore Dollar at the closing rate as at 30 June 2010 and 31 December 2010 and the contributed equity, reserves and retained earnings were converted at historical rates (applicable exchange rates at the time of accrual of such amounts during the year). Statement of Comprehensive Income and Statement of Cash Flow items were converted at applicable actual rates where particular transactions were identifiable or, where impractical, an average rate for the relevant periods was used.

Cordlife Singapore operated as part of Cordlife Limited during the periods for which financial information is presented and therefore Cordlife Singapore’s pro-forma consolidated statement of comprehensive income, consolidated statement of cash flow and consolidated statement of financial position do not purport to represent the actual financial performance, cash flow position and financial position that would have occurred had Cordlife Singapore been a separate legal entity during the periods presented, principally because:

- Cordlife Singapore did not operate independently of Cordlife Limited during the periods for which financial information is presented;
- Cordlife Singapore’s pro-forma consolidated statement of comprehensive income, consolidated statement of cash flow and consolidated statement of financial position may not reflect the strategies or operations that Cordlife Singapore may have followed or undertaken as a separate legal entity rather than as part of Cordlife Limited; and
- Cordlife Singapore may have been exposed to different financial and business risks had it operated as a separate legal entity rather than as part of Cordlife Limited.

Pro-Forma Financial Information for Cordlife Pte Ltd Group of Companies (presented in Australian Dollar)

The group structure of the Cordlife Pte Ltd Group of Companies (“Cordlife Singapore”) is reflected in Appendix 2 of this annexure.

The Pro-Forma Financial Information for Cordlife Singapore for the year ended 30 June 2010 and the half-year ended 31 December 2010 has been extracted from Cordlife Limited’s consolidated financial reports for the year ended 30 June 2010 and for the half-year ended 31 December 2010, with Australian Dollar as its presentation currency. This translation was performed by applying the appropriate Singapore Dollar and Australian Dollar exchange rate at 30 June 2010 and 31 December 2010 to convert the Pro-Forma Financial Information for Cordlife Singapore for the year ended 30 June 2010 and the half-year ended 31 December 2010 (presented in Singapore Dollar) to an Australian Dollar presentation currency.

The assets and liabilities were converted into Australian Dollar at the closing rate as at 30 June 2010 and 31 December 2010 and the contributed equity, reserves and retained earnings were converted at historical rates (applicable exchange rates at the time of accrual of such amounts during the year). Statement of Comprehensive Income and Statement of Cash Flow items were converted at average rate for the relevant periods.

Cordlife Singapore operated as part of Cordlife Limited during the periods for which financial information is presented and therefore Cordlife Singapore’s pro-forma consolidated statement of comprehensive income, consolidated statement of cash flow and consolidated statement of financial position do not purport to represent the actual financial performance, cash flow position and financial position that would have occurred had Cordlife Singapore been a separate legal entity during the periods presented, principally because:

- Cordlife Singapore did not operate independently of Cordlife Limited during the periods for which financial information is presented;
- Cordlife Singapore's pro-forma consolidated statement of comprehensive income, consolidated statement of cash flow and consolidated statement of financial position may not reflect the strategies or operations that Cordlife Singapore may have followed or undertaken as a separate legal entity rather than as part of Cordlife Limited; and
- Cordlife Singapore may have been exposed to different financial and business risks had it operated as a separate legal entity rather than as part of Cordlife Limited.

Cordlife Limited
Historical Consolidated Statements of Comprehensive Income
For the financial half-year ended 31 December 2010 and year ended 30 June 2010

	Half-year ended 31 Dec 2010 (Reviewed) A\$'000	Financial year ended 30 Jun 2010 (Audited) A\$'000
Revenue from the rendering of services	11,704	24,628
Other income	554	871
Total Revenue	12,258	25,499
Cost of sales	(3,513)	(6,891)
Gross profit	8,745	18,608
Other operating income	106	55
Distribution and marketing expenses	(2,769)	(5,662)
Share of results of associates	571	466
Administrative expenses	(6,271)	(9,819)
	(8,363)	(14,960)
Profit from operations	382	3,648
Finance costs	(31)	(39)
Profit before income tax	351	3,609
Income tax	(580)	(1,255)
(Loss)/profit for the financial period/year	(229)	2,354
Other comprehensive losses		
Foreign currency translation losses	(2,835)	(532)
Total comprehensive (losses)/income for the financial period/year, net of tax	(3,064)	1,822
(Loss)/profit after income tax attributable to:		
Non-controlling interests	(59)	(8)
Members of parent	(170)	2,362
	(229)	2,354
Total comprehensive (losses)/income attributable to:		
Non-controlling interests	(51)	(147)
Members of parent	(3,013)	1,969
	(3,064)	1,822

Cordlife Limited
Historical Consolidated Statements of Financial Position

	As at 31 Dec 2010 (Reviewed) A\$'000	As at 30 Jun 2010 (Audited) A\$'000
Current assets		
Cash and cash equivalents	12,600	8,541
Trade receivables	5,265	6,813
Other receivables	959	1,214
Prepayments	360	528
Inventories	319	324
Amount owing by associates	46	46
	19,549	17,466
Non-current assets		
Investment in associates	11,369	12,060
Plant and equipment	2,135	2,499
Intangible assets and goodwill	27,515	27,524
Trade receivables	17,767	18,435
Deposits	165	196
Deferred tax assets	1	-
	58,952	60,714
Total assets	78,501	78,180
Current liabilities		
Trade and other payables	3,496	9,707
Deferred revenue	1,907	3,016
Tax payable	1,493	1,803
Finance lease liabilities	12	14
Bank overdraft	-	699
	6,908	15,239
Non-current liabilities		
Deferred revenue	4,232	3,873
Finance lease liabilities	11	20
Deferred tax liabilities	38	41
	4,281	3,934
Total liabilities	11,189	19,173
Net assets	67,312	59,007
Equity		
Share capital	94,336	82,967
Accumulated losses	(23,541)	(23,371)
Foreign currency translation reserve	(3,215)	(372)
Acquisition reserve	(1,878)	(1,878)
Employee equity benefits reserve	1,773	1,773
Attributable to equity holders of the parent	67,475	59,119
Non-controlling interests	(163)	(112)
Total equity	67,312	59,007

Cordlife Limited
Historical Consolidated Statements of Cash Flows
For the financial half-year ended 31 December 2010 and year ended 30 June 2010

	Half-year ended 31 Dec 2010 (Reviewed)	Financial year ended 30 Jun 2010 (Audited)
	A\$'000	A\$'000
Cash flows from operating activities :		
Receipts from customers	12,321	25,823
Payments to suppliers and employees	(12,521)	(23,033)
Interest received	107	251
Interest and other borrowing costs paid	(33)	(43)
Income taxes paid	(653)	(1,347)
	<u> </u>	<u> </u>
Net cash (used in)/generated from operating activities	(779)	1,651
Cash flows from investing activities :		
Purchase of plant and equipment	(327)	(1,750)
Payment for purchase of non-controlling interests	(857)	(415)
Payment for acquisition of interest in associate	(4,228)	(6,580)
Redemption of term deposits	-	2,371
Proceeds from disposal of plant and equipment	1	-
	<u> </u>	<u> </u>
Net cash used in investing activities	(5,411)	(6,374)
Cash flows from financing activities :		
Proceeds from issue of shares	11,619	6,024
Payment for transaction costs on issue of shares	(162)	(104)
	<u> </u>	<u> </u>
Net cash from financing activities	11,457	5,920
Net increase in cash and cash equivalents held	5,267	1,197
Cash and cash equivalents at beginning of the financial period/year	7,842	7,059
Effects of exchange rate changes on the balance of cash held in foreign currencies	(509)	(414)
	<u> </u>	<u> </u>
Cash and cash equivalents at end of the financial period/year	<u>12,600</u>	<u>7,842</u>

Cordlife Limited Group post spin-off of Cordlife Pte Ltd Group of Companies
Pro-forma Consolidated Statements of Comprehensive Income
For the financial half-year ended 31 December 2010 and year ended 30 June 2010

	Half year ended 31 Dec 2010 A\$'000	Financial year ended 30 Jun 2010 A\$'000
Revenue from the rendering of services	1,960	2,264
Other revenue	139	66
Total Revenue	2,099	2,330
Cost of sales	(821)	(1,161)
Gross profit	1,278	1,169
Other operating expenses	(84)	-
Distribution and marketing expenses	(594)	(1,084)
Administrative expenses	(4,199)	(4,498)
	(4,877)	(5,582)
Loss from operations	(3,599)	(4,413)
Finance costs	-	(2)
Loss before income tax	(3,599)	(4,415)
Income tax	(4)	(19)
Loss for the financial period/year	(3,603)	(4,434)
Other comprehensive losses		
Foreign currency translation gains/(losses)	408	(111)
Total comprehensive loss for the financial period/year, net of tax	(3,195)	(4,545)
Profit after income tax attributable to:		
Non-controlling interests	(59)	(127)
Members of parent	(3,544)	(4,307)
	(3,603)	(4,434)
Total comprehensive loss attributable to:		
Non-controlling interests	(51)	(112)
Members of parent	(3,144)	(4,433)
	(3,195)	(4,545)

**Pro-forma Consolidated Statements of Financial Position
As at 31 December 2010 and 30 June 2010**

	As at 31 Dec 2010 A\$'000	As at 30 Jun 2010 A\$'000
Current assets		
Cash and cash equivalents	8,493	1,714
Trade receivables	810	499
Other receivables	728	878
Prepayments	130	185
Inventories	114	117
Amount owing by associates	44	44
Amount owing by subsidiary	-	3,682
Amount owing by related companies	1,906	18,168
	12,225	25,287
Non-current assets		
Plant and equipment	732	869
Deferred tax assets	2	2
Trade receivables	1,035	830
	1,769	1,701
Total assets	13,994	26,988
Current liabilities		
Trade and other payables	1,847	7,809
Deferred revenue	122	200
Amount owing to related companies	163	15,534
Tax payable	1	1
	2,133	23,544
Non-current liabilities		
Deferred revenue	312	67
Deferred tax liabilities	15	17
	327	84
Total liabilities	2,460	23,628
Net assets	11,534	3,360
Equity		
Share capital	94,336	82,967
Accumulated losses	(33,763)	(30,219)
Reserves	1,413	1,013
Distribution to shareholders	(50,289)	(50,289)
Attributable to equity holders of the parent	11,697	3,472
Non-controlling interests	(163)	(112)
Total equity	11,534	3,360

For the financial half-year ended 31 December 2010 and year ended 30 June 2010

	Half-year ended 31 Dec 2010	Financial year ended 30 Jun 2010
	A\$'000	A\$'000
Cash flows from operating activities :		
Receipts from customers	2,306	3,555
Payments to suppliers and employees	(5,409)	(7,861)
Interest received	73	38
Interest and other borrowing costs paid	(9)	(6)
Net cash used in operating activities	(3,039)	(4,274)
Cash flows from investing activity :		
Purchase of plant and equipment	(85)	(436)
Net cash used in investing activity	(85)	(436)
Cash flows from financing activities :		
Proceeds from issue of shares	11,619	6,024
Payment for transactions on issue of shares	(162)	(84)
Loans from related companies	1,906	2,780
Loans to related companies	(4,393)	(6,109)
Repayment from related companies	1,057	1,887
Net cash from financing activities	10,027	4,498
Net increase/(decrease) in cash and cash equivalents held	6,903	(212)
Cash and cash equivalents at beginning of the financial period/year	1,714	1,999
Effects of exchange rate changes on the balance of cash held in foreign currencies	(124)	(73)
Cash and cash equivalents at end of the financial period/year	8,493	1,714

Cordlife Pte Ltd Group of Companies
Pro-forma Consolidated Statements of Comprehensive Income (presented in Singapore Dollars)
For the financial half-year ended 31 December 2010 and year ended 30 June 2010

	Half-year ended 31 Dec 2010 S\$'000	Financial year ended 30 Jun 2010 S\$'000
Revenue from the rendering of services	12,544	28,163
Other revenue	524	1,000
Total Revenue	13,068	29,163
Cost of sales	(3,750)	(7,648)
Gross profit	9,318	21,515
Other operating income	201	143
Distribution and marketing expenses	(2,744)	(5,673)
Share of results of associates	721	577
Administrative expenses	(2,476)	(6,568)
	(4,298)	(11,521)
Profit from operations	5,020	9,994
Finance costs	(39)	(46)
Profit before income tax	4,981	9,948
Income tax	(726)	(1,529)
Profit for the financial period/year	4,255	8,419
Other comprehensive losses		
Foreign currency translation losses	(458)	(112)
Total comprehensive income for the financial period/year, net of tax	3,797	8,307
Profit after income tax attributable to:		
Non-controlling interests	-	147
Members of parent	4,255	8,272
	4,255	8,419
Total comprehensive income attributable to:		
Non-controlling interests	-	68
Members of parent	3,797	8,239
	3,797	8,307

Cordlife Pte Ltd Group of Companies
Pro-forma Consolidated Statements of Financial Position (presented in Singapore Dollars)
As at 31 December 2010 and 30 June 2010

	As at 31 Dec 2010 S\$'000	As at 30 Jun 2010 S\$'000
Current assets		
Cash and cash equivalents	5,388	8,175
Trade receivables	5,840	7,561
Other receivables	395	580
Prepayments	213	235
Inventories	268	248
Amount owing by holding company	33	33
Amount owing by related companies	167	18,193
	12,304	35,025
Non-current assets		
Investment in associates	14,684	14,462
Plant and equipment	1,845	1,952
Intangible assets	20	29
Trade receivables	21,931	21,082
Deposits	217	235
	38,697	37,760
Total assets	51,001	72,785
Current liabilities		
Trade and other payables	2,163	2,274
Deferred revenue	2,342	3,371
Amount owing to holding company	23	12,370
Amount owing to related companies	2,498	14,136
Tax payable	1,957	2,158
Finance lease liabilities	16	17
Bank overdraft	-	837
	8,999	35,163
Non-current liabilities		
Deferred revenue	5,151	4,556
Finance lease liabilities	14	24
Deferred tax liabilities	29	31
	5,194	4,611
Total liabilities	14,193	39,774
Net assets	36,808	33,011
Equity		
Share capital	25,677	25,677
Accumulated profit	12,712	8,457
Reserves	(1,581)	(1,123)
	36,808	33,011

Cordlife Pte Ltd Group of Companies
Pro-forma Consolidated Statements of Cash Flow (presented in Singapore Dollars)
For the financial half-year ended 31 December 2010 and year ended 30 June 2010

	Half-year ended 31 Dec 2010	Financial year ended 30 Jun 2010
	S\$'000	S\$'000
Cash flows from operating activities :		
Receipts from customers	12,909	27,640
Payments to suppliers and employees	(9,015)	(18,844)
Interest received	44	268
Interest and other borrowing costs paid	(31)	(47)
Income taxes paid	(849)	(1,698)
Net cash from operating activities	3,058	7,319
Cash flows from investing activities :		
Purchase of plant and equipment	(313)	(1,634)
Payment for purchase of non-controlling interests	(1,124)	(496)
Payment for acquisition of interest in associate	(5,300)	(8,379)
Redemption of term deposits	-	2,775
Net cash used in investing activities	(6,737)	(7,734)
Cash flows from financing activities :		
Loans to related companies	(250)	(450)
Payment on behalf of related companies	(2,246)	(3,165)
Loans from holding company	5,608	7,698
Repayment to related companies	(1,383)	(2,190)
Net cash from financing activities	1,729	1,893
Net (decrease)/increase in cash and cash equivalents held	(1,950)	1,478
Cash and cash equivalents at beginning of the financial period/year	7,338	5,916
Effects of exchange rate changes on the balance of cash held in foreign currencies	-	(56)
Cash and cash equivalents at end of the financial period/year	5,388	7,338

Cordlife Pte Ltd Group of Companies
Pro-forma Consolidated Statements of Comprehensive Income (presented in Australian Dollars)
For the financial half-year ended 31 December 2010 and year ended 30 June 2010

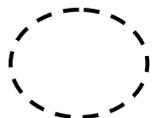
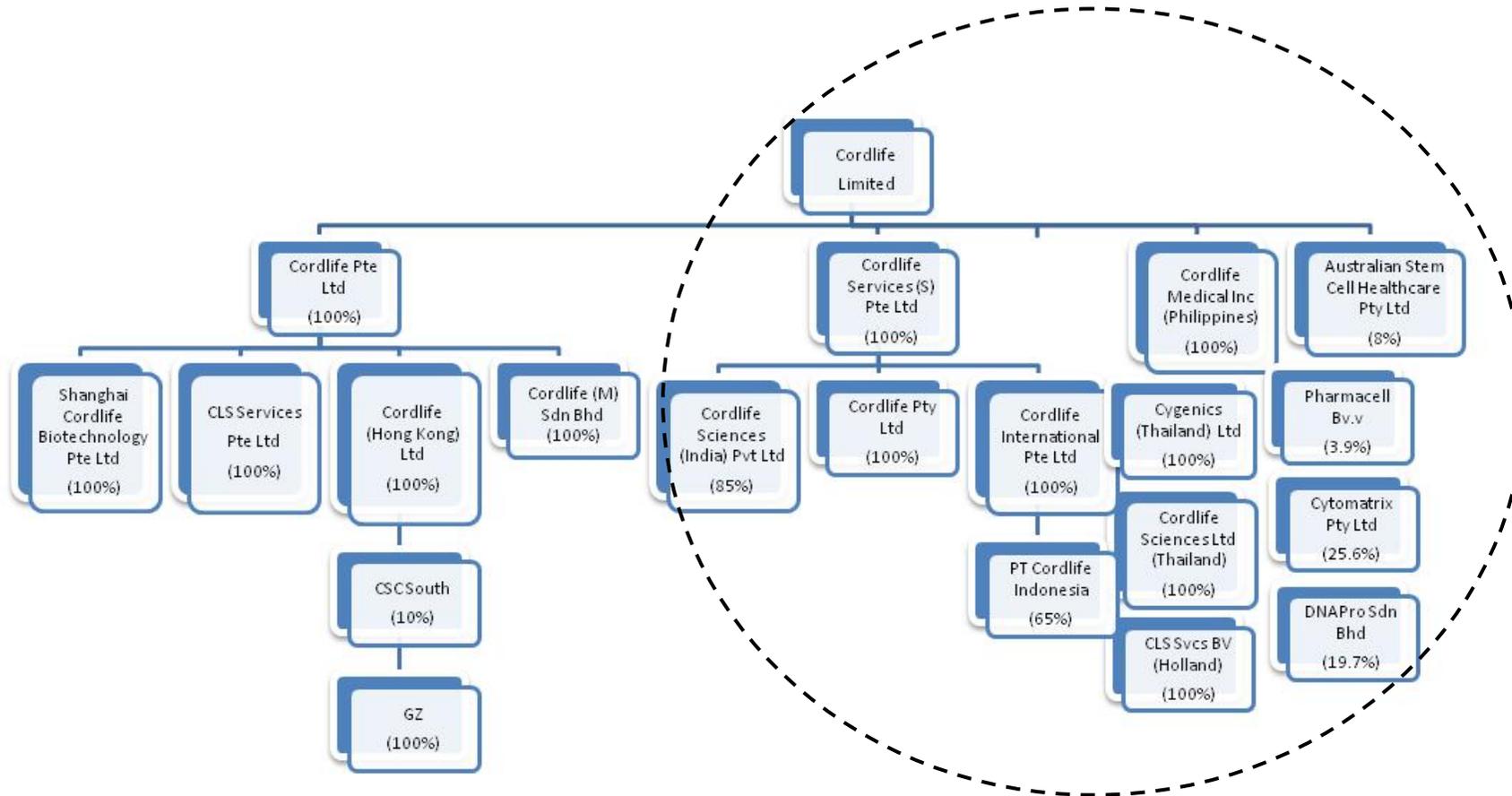
	Half-year ended 31 Dec 2010 A\$'000	Financial year ended 30 Jun 2010 A\$'000
Revenue from the rendering of services	9,947	22,756
Other revenue	416	808
Total Revenue	10,363	23,564
Cost of sales	(2,974)	(6,180)
Gross profit	7,389	17,384
Other operating income	159	116
Distribution and marketing expenses	(2,176)	(4,584)
Share of results of associates	572	466
Administrative expenses	(1,963)	(5,307)
	(3,408)	(9,309)
Profit from operations	3,981	8,075
Finance costs	(31)	(37)
Profit before income tax	3,950	8,038
Income tax	(576)	(1,235)
Profit for the financial period/year	3,374	6,803
Other comprehensive losses		
Foreign currency translation losses	(2,852)	(1,263)
Total comprehensive income for the financial period/year, net of tax	522	5,540
Profit after income tax attributable to:		
Non-controlling interests	-	119
Members of parent	3,374	6,684
	3,374	6,803
Total comprehensive income attributable to:		
Non-controlling interests	-	55
Members of parent	522	5,485
	522	5,540

Cordlife Pte Ltd Group of Companies
Pro-forma Consolidated Statements of Financial Position (presented in Australian Dollars)
As at 31 December 2010 and 30 June 2010

	As at 31 Dec 2010 A\$'000	As at 30 Jun 2010 A\$'000
Current assets		
Cash and cash equivalents	4,111	6,826
Trade receivables	4,456	6,313
Other receivables	301	484
Prepayments	163	196
Inventories	204	207
Amount owing by holding company	25	28
Amount owing by related companies	127	15,191
	9,387	29,245
Non-current assets		
Investment in associates	11,204	12,076
Plant and equipment	1,408	1,630
Intangible assets	15	24
Trade receivables	16,733	17,603
Deposits	166	196
	29,526	31,529
Total assets	38,913	60,774
Current liabilities		
Trade and other payables	1,650	1,899
Deferred revenue	1,787	2,815
Amount owing to holding company	18	10,329
Amount owing to related companies	1,906	11,804
Tax payable	1,493	1,802
Finance lease liabilities	12	14
Bank overdraft	-	699
	6,866	29,362
Non-current liabilities		
Deferred revenue	3,930	3,804
Finance lease liabilities	11	20
Deferred tax liabilities	22	26
	3,963	3,850
Total liabilities	10,829	33,212
Net assets	28,084	27,562
Equity		
Share capital	21,698	21,698
Accumulated profit	10,239	6,865
Reserves	(3,853)	(1,001)
	28,084	27,562

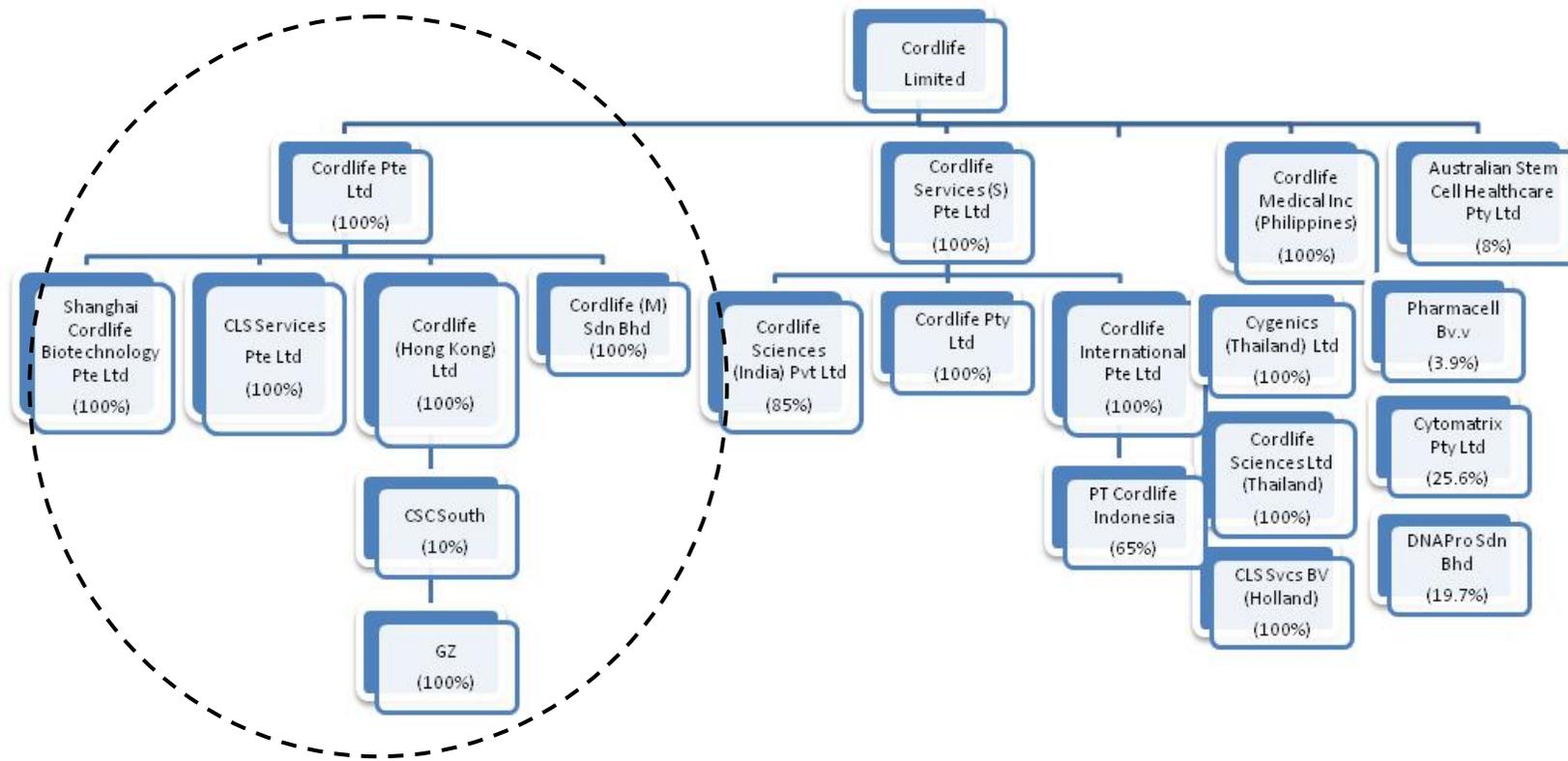
Cordlife Pte Ltd Group
Pro-forma Consolidated Statements of Cash Flows (presented in Australian Dollars)
For the financial half-year ended 31 December 2010 and year ended 30 June 2010

	Half-year ended 31 Dec 2010 A\$'000	Financial year ended 30 Jun 2010 A\$'000
Cash flows from operating activities :		
Receipts from customers	10,237	22,333
Payments to suppliers and employees	(7,149)	(15,226)
Interest received	35	217
Interest and other borrowing costs paid	(25)	(38)
Income taxes paid	(673)	(1,372)
Net cash from operating activities	2,425	5,914
Cash flows from investing activities :		
Purchase of plant and equipment	(248)	(1,320)
Payment for purchase of non-controlling interests	(891)	(401)
Payment for acquisition of interest in associate	(4,203)	(6,770)
Redemption of term deposits	-	2,242
Net cash used in investing activities	(5,342)	(6,249)
Cash flows from financing activities :		
Loans to related companies	(198)	(364)
Payment on behalf of related companies	(1,781)	(2,557)
Loans from holding company	4,447	6,220
Repayment to related companies	(1,097)	(1,770)
Net cash from financing activities	1,371	1,529
Net (decrease)/increase in cash and cash equivalents held	(1,546)	1,194
Cash and cash equivalents at beginning of the financial period/year	6,127	5,189
Effects of exchange rate changes on the balance of cash held in foreign currencies	(470)	(256)
Cash and cash equivalents at end of the financial period/year	4,111	6,127



: Cordlife Limited Group post spin-off

Appendix 2



○ : Cordlife Singapore

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

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

 **All enquiries to: Telephone:** 1300 554 474 **Overseas:** +61 2 8280 7111



X99999999999

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) <input type="checkbox"/>	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	<input style="width:100%; height: 20px;" type="text"/>
or failing the person/body corporate named, or if no person/body corporate is named, the Chairman of the Meeting, as my/our proxy and to vote for me/us on my/our behalf at the General Meeting of the Company to be held at 12:00pm (Melbourne Time) on Thursday, 16 June 2011, at Middletons, level 25, 525 Collins Street Melbourne and at 10:00am (Singapore Time) at The Galen, Singapore Science Park II, Singapore 117525 and at any adjournment or postponement of the meeting.		

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 **X**

STEP 2	VOTING DIRECTIONS		
	For	Against	Abstain*
Resolution 1 Capital Reduction	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 2 Approval of the issue of shares on Long Stop date	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 3 Ratification of Option grant (in respect of CBB Bond)	<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 SIGNATURE OF SHAREHOLDERS - THIS MUST BE COMPLETED		
Shareholder 1 (Individual) <input style="width:100%; height: 30px;" type="text"/> Sole Director and Sole Company Secretary	Joint Shareholder 2 (Individual) <input style="width:100%; height: 30px;" type="text"/> Director/Company Secretary (Delete one)	Joint Shareholder 3 (Individual) <input style="width:100%; height: 30px;" 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).



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 **12:00pm (Melbourne Time) on Tuesday, 14 June 2011**, 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:

+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 General Meeting, please bring this form with you.
This will assist in registering your attendance.