

STEMLIFE'S MISSION



"I am a StemLife cord blood stem cell banker"

- Ng Vin Min, Louissa

To add Years to *Life*
&
Life to Years



The Stem Cell Specialists

StemLife Berhad (566770-D)
B-7-15, Megan Avenue II, 12, Jalan Yap Kwan Seng,
50450 Kuala Lumpur, Malaysia.
Tel: +603-2163 8800 Fax: +603-2164 9808
Email: info@stemlife.com
Website: www.StemLife.com
Blog: http://stemlife1.blogspot.com



StemLife Berhad (566770-D)

PROSPECTUS



STEMLIFE BERHAD (Company No. 566770-D)
(Incorporated in Malaysia under the Companies Act, 1965)

PUBLIC ISSUE OF 40,000,000 NEW ORDINARY SHARES OF RM0.10 EACH AT AN ISSUE PRICE OF RM0.33 PER SHARE, PAYABLE IN FULL ON APPLICATION COMPRISING:

- 8,250,000 NEW ORDINARY SHARES OF RM0.10 EACH RESERVED FOR APPLICATION BY THE MALAYSIAN PUBLIC;
- 21,750,000 NEW ORDINARY SHARES OF RM0.10 EACH RESERVED FOR PLACEMENT TO IDENTIFIED INVESTORS; AND
- 10,000,000 NEW ORDINARY SHARES OF RM0.10 EACH RESERVED FOR APPLICATION BY ELIGIBLE DIRECTORS, EMPLOYEES AND CUSTOMERS OF STEMLIFE BERHAD AND ITS SUBSIDIARY COMPANIES

IN CONJUNCTION WITH OUR LISTING ON THE MESDAQ MARKET OF BURSA MALAYSIA SECURITIES BERHAD

Adviser, Sponsor, Managing underwriter, Underwriter and Placement Agent



ALLIANCE INVESTMENT BANK

Alliance Investment Bank Berhad (21605-D)
formerly known as Alliance Merchant Bank Berhad

Underwriter



A.A. Anthony Securities Sdn Bhd (17812 - U)

YOU ARE ADVISED TO NOTE THAT COMPANIES LISTED ON THE MESDAQ MARKET MAY BE OF HIGH INVESTMENT RISK

FOR INFORMATION CONCERNING CERTAIN RISK FACTORS WHICH YOU SHOULD CONSIDER, SEE "RISK FACTORS" IN SECTION 4 OF THIS PROSPECTUS

This Prospectus is dated 28 September 2006

STORAGE • THERAPEUTICS • R&D

THIS PROSPECTUS HAS BEEN SEEN AND APPROVED BY OUR DIRECTORS AND PROMOTERS AND THEY, COLLECTIVELY AND INDIVIDUALLY, ACCEPT FULL RESPONSIBILITY FOR THE ACCURACY OF THE INFORMATION IN THIS PROSPECTUS AND CONFIRM, AFTER HAVING MADE ALL REASONABLE ENQUIRIES, THAT TO THE BEST OF THEIR KNOWLEDGE AND BELIEF, THERE ARE NO FALSE OR MISLEADING STATEMENTS OR OTHER FACTS THE OMISSION OF WHICH WOULD MAKE ANY STATEMENT HEREIN FALSE OR MISLEADING. OUR DIRECTORS HEREBY ACCEPT FULL RESPONSIBILITY FOR THE PROFIT FORECASTS INCLUDED IN THIS PROSPECTUS AND CONFIRM THAT THE PROFIT FORECASTS HAVE BEEN PREPARED BASED ON THE ASSUMPTIONS MADE.

ALLIANCE INVESTMENT BANK BERHAD (*FORMERLY KNOWN AS ALLIANCE MERCHANT BANK BERHAD*) ("ALLIANCE"), AS OUR ADVISER, SPONSOR, MANAGING UNDERWRITER, UNDERWRITER AND PLACEMENT AGENT, ACKNOWLEDGES THAT, BASED ON ALL AVAILABLE INFORMATION, AND TO THE BEST OF ITS KNOWLEDGE AND BELIEF, THIS PROSPECTUS CONSTITUTES A FULL AND TRUE DISCLOSURE OF ALL MATERIAL FACTS CONCERNING THE PUBLIC ISSUE AND IS SATISFIED THAT THE PROFIT FORECASTS (FOR WHICH OUR DIRECTORS ARE FULLY RESPONSIBLE), PREPARED FOR INCLUSION IN THIS PROSPECTUS, HAVE BEEN STATED BY OUR DIRECTORS AFTER DUE AND CAREFUL ENQUIRY AND HAVE BEEN DULY REVIEWED BY THE REPORTING ACCOUNTANTS.

THE SECURITIES COMMISSION ("SC") HAS APPROVED THE PUBLIC ISSUE. HOWEVER, THE APPROVAL IS NOT AN INDICATION THAT THE SC RECOMMENDS THE PUBLIC ISSUE. BURSA MALAYSIA SECURITIES BERHAD ("SECURITIES EXCHANGE") HAS ALSO GRANTED ITS APPROVAL-IN-PRINCIPLE FOR THE LISTING OF OUR SHARES ON THE MESDAQ MARKET OF THE SECURITIES EXCHANGE. ADMISSION TO THE OFFICIAL LIST OF THE SECURITIES EXCHANGE IS NOT TO BE TAKEN AS AN INDICATION OF THE MERITS OF THE PUBLIC ISSUE, THE COMPANY OR OUR SHARES.

THE SC AND THE SECURITIES EXCHANGE SHALL NOT BE LIABLE FOR ANY NON-DISCLOSURE ON THE PART OF THE COMPANY AND TAKE NO RESPONSIBILITY FOR THE CONTENTS OF THIS PROSPECTUS, MAKE NO REPRESENTATION AS TO ITS ACCURACY OR COMPLETENESS AND EXPRESSLY DISCLAIM ANY LIABILITY WHATSOEVER FOR ANY LOSS HOWSOEVER ARISING FROM OR IN RELIANCE ON THE WHOLE OR ANY PART OF THE CONTENTS OF THIS PROSPECTUS. **YOU SHOULD RELY ON YOUR OWN EVALUATION TO ASSESS THE MERITS AND RISKS OF THE INVESTMENT. IN CONSIDERING THE INVESTMENT, IF YOU ARE IN ANY DOUBT AS TO THE ACTION TO BE TAKEN, YOU SHOULD CONSULT YOUR STOCKBROKER, BANK MANAGER, SOLICITOR, ACCOUNTANT OR OTHER PROFESSIONAL ADVISER IMMEDIATELY.**

YOU SHOULD NOT TAKE THE AGREEMENT BY THE UNDERWRITERS TO UNDERWRITE THE PUBLIC ISSUE AS AN INDICATION OF THE MERITS OF OUR SHARES.

A COPY OF THIS PROSPECTUS HAS BEEN REGISTERED WITH THE SC. A COPY OF THIS PROSPECTUS, TOGETHER WITH THE APPLICATION FORM, HAS ALSO BEEN LODGED WITH THE REGISTRAR OF COMPANIES WHO TAKES NO RESPONSIBILITY FOR ITS CONTENTS. YOU MAY OBTAIN A COPY OF THIS PROSPECTUS FROM THE WEBSITE OF THE SECURITIES EXCHANGE AT www.bursamalaysia.com.

YOU ARE ADVISED TO NOTE THAT THE RECOURSE FOR FALSE OR MISLEADING STATEMENTS OR ACTS MADE IN CONNECTION WITH THIS PROSPECTUS IS DIRECTLY AVAILABLE THROUGH SECTIONS 57, 58 AND 153 OF THE SECURITIES COMMISSION ACT, 1993.

THE SECURITIES OF STEMLIFE BERHAD (STEMLIFE) IS CLASSIFIED AS SYARIAH-COMPLIANT BY THE SYARIAH ADVISORY COUNCIL ("SAC") OF SC BASED ON THE LATEST AUDITED FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2005 AND REMAINS VALID FROM THE DATE OF ISSUE OF THIS PROSPECTUS UNTIL THE NEXT SYARIAH COMPLIANCE REVIEW IS UNDERTAKEN BY THE SAC OF THE SC AND THE NEW STATUS IS RELEASED IN THE UPDATED LIST OF SYARIAH-COMPLIANT SECURITIES EITHER ON THE LAST FRIDAY OF THE MONTH OF APRIL OR OCTOBER.

THE SYARIAH STATUS FOR THE SECURITIES OF STEMLIFE CANNOT BE USED FOR OTHER FUND-RAISING ACTIVITIES.

CHARACTERISTICS OF THE MESDAQ MARKET OF THE SECURITIES EXCHANGE

YOU SHOULD BE AWARE THAT THE MESDAQ MARKET IS A DISTINCT MARKET FROM THE MAIN AND SECOND BOARDS IN MANY RESPECTS. IN PARTICULAR, COMPANIES LISTED ON THE MESDAQ MARKET ARE SUBJECT TO DIFFERENT QUANTITATIVE AND QUALITATIVE REQUIREMENTS, WHICH HAVE BEEN PRIMARILY DESIGNED TO ACCOMMODATE HIGH-GROWTH AND/OR TECHNOLOGY COMPANIES. COMPANIES THAT ARE LISTED ON THE MESDAQ MARKET MAY HAVE A LIMITED OPERATING HISTORY OR MAY NOT HAVE ANY PROFIT RECORD PRIOR TO LISTING. AS SUCH, COMPANIES LISTED ON THE MESDAQ MARKET MAY BE OF HIGH INVESTMENT RISK. THE REGULATORY PHILOSOPHY UNDERLYING THE MESDAQ MARKET IS THAT THE MARKET SHOULD BE ALLOWED TO DETERMINE THE MERITS OF THE SECURITIES/INSTRUMENTS IN A PARTICULAR COMPANY. HENCE, AS WITH ALL INVESTMENTS, YOU SHOULD BE AWARE OF ALL POTENTIAL RISKS IN INVESTING IN SUCH COMPANIES AND SHOULD MAKE THE DECISION TO INVEST AFTER DUE AND CAREFUL CONSIDERATION BY REFERRING TO, AMONG OTHERS, THE PROSPECTUS, THE LATEST FINANCIAL STATEMENTS AND CORPORATE ANNOUNCEMENTS. IN THIS RESPECT, ADVICE FROM A SECURITIES PROFESSIONAL/ADVISER IS STRONGLY RECOMMENDED.

THE DISTRIBUTION OF THIS PROSPECTUS AND THE PUBLIC ISSUE ARE SUBJECT TO MALAYSIAN LAWS. OUR ADVISERS AND US TAKE NO RESPONSIBILITY FOR THE DISTRIBUTION OF THIS PROSPECTUS (IN PRELIMINARY OR FINAL FORM) OUTSIDE MALAYSIA. OUR ADVISERS AND US HAVE NOT TAKEN ANY ACTION TO PERMIT A PUBLIC ISSUE OF OUR SHARES BASED ON THIS PROSPECTUS OR THE DISTRIBUTION OF THIS PROSPECTUS OUTSIDE MALAYSIA. THIS PROSPECTUS MAY NOT BE USED FOR ANY OFFER TO SELL OR INVITATION TO BUY OUR SHARES IN ANY JURISDICTION OR IN ANY CIRCUMSTANCE IN WHICH SUCH AN OFFER OR INVITATION IS NOT AUTHORISED OR UNLAWFUL. THIS PROSPECTUS SHALL ALSO NOT BE USED TO MAKE AN OFFER OR INVITATION OF OUR SHARES TO ANY PERSON TO WHOM IT IS UNLAWFUL TO DO SO. OUR ADVISERS AND US REQUIRE YOU TO BE INFORMED OF AND TO OBSERVE SUCH RESTRICTIONS. THIS PROSPECTUS IS PREPARED AND PUBLISHED SOLELY FOR THE PUBLIC ISSUE IN MALAYSIA. THE ISSUE SHARES (AS DEFINED HEREIN) ARE OFFERED SOLELY BASED ON THE CONTENTS OF THIS PROSPECTUS. OUR ADVISERS AND US HAVE NOT AUTHORISED ANYONE TO PROVIDE YOU WITH INFORMATION WHICH IS NOT CONTAINED IN THIS PROSPECTUS.

PRESENTATION OF FINANCIAL AND OTHER INFORMATION

All references to “Company” or “StemLife” is to StemLife Berhad (566770-D); references to “Group” is to the Company and its subsidiary and associated companies, collectively; and references to “we”, “us”, “our” and “ourselves” are to the Company, and where the context requires, the Group. Unless the context otherwise requires, references to “Management” are to our directors and key management personnel as at the date of this Prospectus, and statements as to our beliefs, expectations, forecasts and opinions are those of the Management.

Words denoting the singular only shall include the plural and vice versa and words denoting the masculine gender shall, where applicable, include the feminine gender and vice versa. Reference to persons shall include companies and corporations.

All references to dates and time are references to dates and time in Malaysia.

Any reference in this Prospectus to any enactment is a reference to that enactment as for the time being amended or re-enacted.

This Prospectus includes statistical data provided by us, our Independent Market Research Consultant and various third-parties and cites third-party projections regarding growth and performance of the industry in which we operate. This data is taken or derived from information published by industry sources and from the internal data. In particular, certain information in this Prospectus is extracted or derived from report(s) prepared by our Independent Market Research Consultant and various third parties.

The information on our website, or any website directly or indirectly linked to our website, does not form part of this Prospectus and you should not rely on it.

THE REST OF THIS PAGE IS INTENTIONALLY LEFT BLANK

FORWARD-LOOKING STATEMENTS

This Prospectus includes forward-looking statements. All statements other than statements of historical facts included in this Prospectus, including, without limitation, those regarding our financial position, business strategies, plans and objectives of the Management for future operations are forward-looking statements. Such forward-looking statements involve known and unknown risks, uncertainties and other factors which may cause our actual results, our performance or achievements, or industry results, to differ from any future results, performance or achievements expressed or implied by such forward-looking statements. Such forward-looking statements are based on numerous assumptions regarding our present and future business strategies and the environment in which the Group will operate in the future. Such forward-looking statements reflect Management's current view with respect to the future events and are not a guarantee of future performance. Forward-looking statements can be identified by the use of forward-looking terminology such as the words "may", "will", "would", "could", "believe", "expect", "anticipate", "intend", "estimate", "aim", "plan", "forecast" or any other similar expressions and include all statements that are not historical facts. Such forward-looking statements include, but are not limited to, statements in relation to:

- (i) demand for the Group's services;
- (ii) our future plans, business strategies and objectives for future operations;
- (iii) our financial performance and position; and
- (iv) our future earnings, cash flows and liquidity.

Our actual results may differ materially from information contained in such forward-looking statements as a result of a number of factors beyond our control, including, but not limited to:

- (i) the economic, political and investment environment in Malaysia and globally; and
- (ii) Government policies, laws, legislations and regulations.

Additional factors that could cause our actual results, performance or achievements to differ materially include, but are not limited to, those discussed in Section 4 of this Prospectus. The Management cannot give any assurance that the forward-looking statements made in this Prospectus will be realised or achieved. Such forward-looking statements are made only as at the date of this Prospectus. The Management expressly disclaims any obligation or undertaking to release publicly any update or revision to any forward-looking statement contained in this Prospectus to reflect any change in the Management's expectations or any change in events, conditions or circumstances on which any such forward-looking statement is based.

THE REST OF THIS PAGE IS INTENTIONALLY LEFT BLANK

INDICATIVE TIMETABLE

The following events are intended to take place on the following indicative dates:

Event	Indicative Date
Opening of applications	: 10.00 a.m. on 28 September 2006
Closing of applications	: 5.00 p.m. on 5 October 2006
Balloting of applications	: 10 October 2006
Despatch of notices to successful applicants	: 16 October 2006
Listing	: 17 October 2006

Our Directors and Managing Underwriter may mutually decide, at their absolute discretion, to extend the date for the closing of applications to a later date or dates. If the date of the closing of applications is extended, the dates of the subsequent events would be extended accordingly. We will announce any extension of the date of the closing of applications in a widely circulated English newspaper and Bahasa Malaysia newspaper not less than one (1) Market Day before the original date of the closing of applications.

THE REST OF THIS PAGE IS INTENTIONALLY LEFT BLANK

DEFINITIONS

Unless otherwise indicated, the following definitions shall apply throughout this Prospectus:

ACBBC	:	Asian Cord Blood Banks Consortium
Act	:	Companies Act, 1965
ADA	:	Authorised Depository Agent
ADA Code	:	ADA (Broker) Code
Alliance	:	Alliance Investment Bank Berhad (21605-D) <i>(formerly known as Alliance Merchant Bank Berhad)</i>
Application Form(s)	:	The application form(s) accompanying this Prospectus
ATM(s)	:	Automated Teller Machine(s)
Blue Form Shares	:	The 2,500,000 Issue Shares representing approximately 1.52% of the enlarged issued and paid-up share capital of the Company which are reserved for application by the eligible customers of StemLife and its subsidiary companies
Board	:	Board of Directors of StemLife
Bursa Depository	:	Bursa Malaysia Depository Sdn Bhd (165570-W)
CAGR	:	Compounded annual growth rate
CAP	:	College of American Pathologists
CDS	:	Central Depository System
CDS Account	:	An account established by Bursa Depository for a depositor for the recording of securities and for dealing in such securities by the depositor
Central Depositories Act	:	Securities Industry (Central Depositories) Act, 1991
CSKPL	:	Cryo Stemcell Karnataka Private Ltd
Directors	:	Directors of StemLife
EBITDA	:	Earnings before interest, tax, depreciation and amortisation
Electronic Share Application(s)	:	The application for the Issue Shares through a Participating Financial Institution's ATM
EPS	:	Earnings per share
Frost & Sullivan	:	Frost & Sullivan (M) Sdn Bhd (522293-W)
FY(s)/FP(s)	:	Financial year(s)/period(s)
GDP	:	Gross domestic product
GIMC	:	Gleneagles Intan Medical Centre

DEFINITIONS (*Cont'd*)

Government	:	Government of Malaysia
Group	:	StemLife and its subsidiary and associated companies, collectively
HSC	:	HSC Healthcare Sdn Bhd (597174-U)
Issue Price	:	The issue price of RM0.33 per Issue Share
Issue Share(s)	:	The 40,000,000 new StemLife Share(s) to be issued pursuant to the Public Issue
LAT	:	Loss after tax
Latest Practicable Date	:	11 August 2006, being the latest practicable date prior to the issuance of this Prospectus
LBT	:	Loss before tax
Listing	:	The admission to the Official List of the MESDAQ Market and the listing of and quotation for the enlarged issued and paid-up share capital of StemLife comprising 165,000,000 StemLife Shares on the MESDAQ Market
Listing Exercise	:	The Public Issue and Listing, collectively
LPS	:	Loss per share
Market Day	:	Any day of which the Securities Exchange is open for trading of securities
MDC	:	Multimedia Development Corporation Sdn Bhd (389346-D)
MESDAQ Market	:	MESDAQ Market of the Securities Exchange
MMLR	:	Listing Requirements of the Securities Exchange for the MESDAQ Market
MoU	:	Memorandum of understanding
MSC	:	Multimedia Super Corridor
NTA	:	Net tangible assets
NUS	:	National University of Singapore
p.a.	:	per annum
Participating Financial Institution(s)	:	The financial institution(s) participating in the Electronic Share Applications
PAT	:	Profit after tax
PBT	:	Profit before tax
PE	:	Price-earnings
PHFS Act	:	Private Healthcare Facilities and Services Act, 1998
PHFS Regulations	:	Private Healthcare Facilities and Services (Private Hospitals and Other Private Healthcare Facilities) Regulations 2006

DEFINITIONS (Cont'd)

Pink Form Shares	:	The 7,500,000 Issue Shares representing approximately 4.5% of the enlarged issued and paid-up share capital of the Company which are reserved for application by the eligible Directors and employees of StemLife and its subsidiary companies
Promoters	:	Low Su-Shing, Lim Oi Wah, Dr Aw Tar Choon and HSC, collectively
Public Issue	:	The public issue of 40,000,000 new StemLife Shares, representing approximately 24.24% of the enlarged issued and paid-up share capital of the Company, at the Issue Price, payable in full upon application
R&D	:	Research and development
RCPS	:	Redeemable convertible preference shares
RM and sen	:	Ringgit Malaysia and sen, respectively
SAC	:	Syariah Advisory Council
SC	:	Securities Commission
Securities Exchange	:	Bursa Malaysia Securities Berhad (635998-W)
StemLife Share(s) or Share(s)	:	Ordinary share(s) of RM0.10 each in StemLife
SL Diagnostics	:	SL Diagnostics Sdn Bhd (690970-W)
SL Logistics	:	StemLife Logistics Sdn Bhd (721823-P)
SL Properties	:	StemLife Properties Sdn Bhd (689499-A)
SL Therapy	:	Cell Therapy Innovation Sdn Bhd (690972-U)
StemLife or Company	:	StemLife Berhad (566770-D)
Thai StemLife	:	Thai StemLife Co Ltd (0105548053484)
THB	:	Thai Baht
UK	:	United Kingdom
US	:	United States of America
USD	:	US Dollar
US FDA	:	Food and Drug Administration of the US

GLOSSARY OF KEY TECHNICAL TERMS

To facilitate a better understanding of the Company's business, the following definitions provide an explanation of the technical terms and abbreviations (which should not be treated as definitive of their meanings) used in this Prospectus:

Acute myeloid leukemia	:	Cancer originating from the bone marrow affecting the myeloid cells
Allogenic	:	Two or more individuals (or cell lines) are said to be allogenic to one another when the genes at one or more loci are not identical in sequence but similar enough to allow transplants between the two
Apheresis	:	Process of / equipment for withdrawal of blood from a donor's body, removal of one or more components (such as plasma, blood platelets, or white blood cells) from the blood, and transfusion of the remaining blood back into the donor
Autologous	:	Involving one individual as both donor and recipient
COBLT	:	Standards developed as a result of the Cord Blood Transplantation Study
Cryo-preservation	:	To preserve through freezing using liquid nitrogen
Dendritic stem cells	:	Antigen-presenting stem cells with long irregular processes
GCSF	:	Granulocyte colony stimulating factor
Limb Ischemia	:	A disease caused by a decrease in the blood supply to the limbs caused by constriction or obstruction of the blood vessels
Lymphoma	:	Tumour in the lymph nodes or in other lymphoid tissue
PB	:	Peripheral blood
PBSC	:	Peripheral blood stem cells, being stem cells found in the blood extracted from an adult
PBSC Banking	:	The harvesting, testing, processing and cryo-preservation of PBSC
Thalassaemia major	:	A potentially fatal form of homozygous thalassaemia (inherited from both parents) in which there is abnormal or impaired haemoglobin production resulting in diminished survival of the red blood cells
UCB	:	Umbilical cord blood
UCBSC	:	Umbilical cord blood stem cells, being stem cells found in the blood extracted from the umbilical cord
UCBSC Banking	:	The collection, testing, processing and cryo-preservation of UCBSC

TABLE OF CONTENTS

	PAGE
1. CORPORATE DIRECTORY	1
2. INFORMATION SUMMARY	4
2.1 History and Business Overview	4
2.2 Information on the Public Issue.....	6
2.3 Use of Proceeds	7
2.4 Risk Factors.....	8
2.5 Financial Highlights	9
2.6 Dividend Policy.....	12
2.7 Syariah Status	12
3. PARTICULARS OF THE PUBLIC ISSUE	13
3.1 Introduction	13
3.2 Details of the Public Issue	14
3.3 Details of Allocation to Eligible Directors, Employees and Customers.....	14
3.4 Purposes of the Public Issue	16
3.5 Share Capital and Rights Attaching to the Issue Shares.....	16
3.6 Pricing of the Issue Shares	17
3.7 Use of Proceeds	18
3.8 Brokerage, Underwriting Commission and Placement Fees.....	19
3.9 Salient Terms of the Underwriting Agreement	20
4. RISK FACTORS	24
4.1 Risks Relating to Our Business and Operations	24
4.2 Risks Relating to Our Shares.....	28
4.3 Other Risks	29
5. INFORMATION ON THE GROUP	30
5.1 Information on the Company.....	30
5.2 Information on Subsidiary Companies	33
5.3 Information on Associated Company	36
6. BUSINESS.....	37
6.1 History and Business Overview	37
6.2 Principal Services.....	38
6.3 Business Process.....	43
6.4 Quality Assurance	46
6.5 Achievements	49
6.6 Business Collaborations	51
6.7 Advisory Panels.....	52
6.8 Research Initiatives	55
6.9 Principal Markets and Market Share	56
6.10 Competitive Advantages	57
6.11 Sales, Marketing Channels and Major Customers.....	58
6.12 Types, Sources, Availability of Supplies and Major Suppliers	59
6.13 Operations	61
6.14 Major Approvals, Licences and Permits.....	64
6.15 Trademarks	67
6.16 Information on Properties Owned and Rented	70

TABLE OF CONTENTS (*Cont'd*)

7.	INDUSTRY OVERVIEW AND FUTURE PLANS, STRATEGIES AND OUTLOOK	72
7.1	Overview of the Malaysian Economy	72
7.2	Overview of Healthcare in Malaysia	73
7.3	Overview of the Stem Cell Banking Industry.....	74
7.4	Market Segmentation for Stem Cell Banking.....	75
7.5	Benefits of PBSC and UCBSC.....	76
7.6	Substitute Products/Services	77
7.7	Stem Cell Therapies	77
7.8	Industry Players.....	78
7.9	Relevant Laws and Regulations Governing the Stem Cell Banking Industry	78
7.10	Future Plans, Strategies and Outlook	79
8.	INFORMATION ON PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS, KEY MANAGEMENT AND KEY TECHNICAL PERSONNEL	82
8.1	Information on Promoters and Substantial Shareholders	82
8.2	Information on Directors	88
8.3	Committees of the Board.....	94
8.4	Information on Key Management and Technical Personnel.....	96
8.5	Involvement of Executive Directors, Key Management and Technical Personnel in Other Corporations	98
8.6	Declaration by Directors, Key Management and Technical Personnel	100
8.7	Family Relationships and Associations.....	100
8.8	Existing or Proposed Service Agreements Between the Group and Our Management.....	101
8.9	Management Succession Plan	101
9.	APPROVALS AND MORATORIUM	102
9.1	Approvals of the Authorities	102
9.2	Moratorium on the Sale of Shares	103
10.	CONFLICTS OF INTERESTS/RELATED PARTY TRANSACTIONS	104
10.1	Conflict of Interests.....	104
10.2	Related Party Transactions	105
11.	FINANCIAL INFORMATION	106
11.1	Historical Financial Information	106
11.2	Segmental Analysis	107
11.3	Overview of Results	108
11.4	Tax Consideration	109
11.5	Significant Trends	110
11.6	Directors' Declaration on Financial Performance of the Group.....	110
11.7	Liquidity and Capital Resources.....	111
11.8	Trade Receivables, Trade Payables and Inventories	112
11.9	Financial Instruments for Hedging.....	113
11.10	Material Litigation, Material Capital Commitments and Contingent Liabilities.....	113
11.11	Statement of Assets and Liabilities and Proforma Consolidated Balance Sheets.....	114
11.12	Consolidated Cash Flow Statement.....	115
11.13	Directors' Analysis and Commentary on the Consolidated Cash Flow Statement.....	116
11.14	Reporting Accountants' Letter on the Proforma Financial Information.....	117
11.15	Consolidated Profit Forecasts.....	128
11.16	Reporting Accountants' Letter on the Consolidated Profit Forecasts.....	129
11.17	Directors' Analysis and Commentary on the Consolidated Profit Forecasts.....	135
11.18	Sensitivity Analysis	136
11.19	Dividend Forecasts	137
12.	ACCOUNTANTS' REPORT	138
13.	DIRECTORS' REPORT	186

TABLE OF CONTENTS (Cont'd)

14.	EXECUTIVE SUMMARY OF THE INDEPENDENT MARKET RESEARCH REPORT AND LETTER THEREON.....	187
15.	ADDITIONAL INFORMATION	202
15.1	Share Capital	202
15.2	Articles	202
15.3	Promoters, Directors and Substantial Shareholders.....	209
15.4	Expenses.....	209
15.5	General	210
15.6	Material Litigation.....	210
15.7	Material Contracts	210
15.8	Public Take-over Offers	211
15.9	Consents	211
15.10	Documents Available for Inspection	211
15.11	Responsibility Statements	212
16.	PROCEDURES FOR APPLICATION AND ACCEPTANCE	213
16.1	Opening and Closing of Applications	213
16.2	Methods of Application.....	213
16.3	Procedures for Application.....	213
16.4	Application using Application Forms.....	215
16.5	Application via Electronic Share Applications.....	218
16.6	Applications and Acceptances.....	223
16.7	CDS Accounts	224
16.8	Notice of Allotment.....	225
16.9	List of ADAs	226

THE REST OF THIS PAGE IS INTENTIONALLY LEFT BLANK

1. CORPORATE DIRECTORY

BOARD OF DIRECTORS

Name	Designation	Address	Nationality/ Occupation
Tan Sri Dato' Seri Megat Junid bin Megat Ayob	Non-Independent Non-Executive Chairman	2 Jalan SS7/3 Kelana Jaya 47301 Petaling Jaya Selangor Darul Ehsan	Malaysian / Company Director
Dr Aw Tar Choon	Deputy Executive Chairman / Chief Medical Officer	39 Persiaran Zaaba Taman Tun Dr Ismail 60000 Kuala Lumpur	Singaporean / Doctor
Low Su-Shing	Managing Director	B-09-1 Stonor Park 8 Jalan Stonor 50450 Kuala Lumpur	Singaporean / Company Director
Lim Oi Wah	Deputy Managing Director	29 Jalan SS19/4 47500 Subang Jaya Selangor Darul Ehsan	Malaysian / Company Director
Dr Chua Kok Seng	Independent Non-Executive Director	23 Jalan USJ4/1J 47600 UEP Subang Jaya Selangor Darul Ehsan	Malaysian / Company Director
Loh Yoon Kwai	Independent Non-Executive Director	32-7-3A Bukit Desa Condo Jalan Bukit Desa 3 58100 Kuala Lumpur	Malaysian / Company Director
Tian Kim Loong	Independent Non-Executive Director	24 Jalan SS2/86 47300 Petaling Jaya Selangor Darul Ehsan	Malaysian / Public Accountant
Tengku Putra Haron Aminurrashid bin Tan Sri Tengku Hamid Jumat	Independent Non-Executive Director	170 Jalan Datuk Sulaiman Enam Taman Tun Dr Ismail 60000 Kuala Lumpur	Malaysian / Company Director
Dr Soo Chee Siong	Non-Independent Non-Executive Director	B-06-2 Stonor Park 8 Jalan Stonor 50450 Kuala Lumpur	Malaysian / Company Director
Dr Lim Yin Chow	Non-Independent Non-Executive Director	8 Jalan SS3/6 47300 Petaling Jaya Selangor Darul Ehsan	Malaysian / Company Director

1. CORPORATE DIRECTORY (Cont'd)

AUDIT COMMITTEE

Name	Designation	Directorship
Tian Kim Loong	Chairman	Independent Non-Executive Director
Lim Oi Wah	Member	Deputy Managing Director
Loh Yoon Kwai	Member	Independent Non-Executive Director

COMPANY SECRETARY : Chin Kim Fung (LS: 00234)
72 Jalan SS23/5
Taman SEA
47400 Petaling Jaya
Selangor Darul Ehsan

REGISTERED OFFICE : 149A Jalan Aminuddin Baki
Taman Tun Dr Ismail
60000 Kuala Lumpur
Tel No.: 603-7727 3873

PRINCIPAL PLACE OF BUSINESS : B-7-15 Megan Avenue II
12 Jalan Yap Kwan Seng
50450 Kuala Lumpur
Tel No.: 603-2163 8800
E-mail: info@stemlife.com
Website: www.stemlife.com

AUDITORS AND REPORTING ACCOUNTANTS : Leou & Associates (AF 0659)
107-B Jalan Aminuddin Baki
Taman Tun Dr Ismail
60000 Kuala Lumpur
Tel No.: 603-7727 5573 / 7729 1519

LEGAL ADVISER : Raja, Darryl & Loh
18th Floor Wisma Sime Darby
Jalan Raja Laut
50350 Kuala Lumpur
Tel No.: 603-2694 9999

PRINCIPAL BANKERS : Hong Leong Bank Berhad (97141-X)
Level 1 Wisma Hong Leong
18 Jalan Perak
50450 Kuala Lumpur
Tel No.: 603-2164 2525

Southern Bank Berhad (5303-W)
Wisma Genting
Jalan Sultan Ismail
50250 Kuala Lumpur
Tel No.: 603-6204 7788

1. CORPORATE DIRECTORY (Cont'd)

- SHARE REGISTRAR** : Insurban Corporate Services Sdn Bhd (76260-W)
149 Jalan Aminuddin Baki
Taman Tun Dr Ismail
60000 Kuala Lumpur
Tel No.: 603-7729 5529
- ADVISER, SPONSOR, MANAGING UNDERWRITER, UNDERWRITER AND PLACEMENT AGENT** : Alliance Investment Bank Berhad (21605-D)
(formerly known as Alliance Merchant Bank Berhad)
Level 3 Menara Multi-Purpose
Capital Square
8 Jalan Munshi Abdullah
50100 Kuala Lumpur
Tel No.: 603-2692 7788
- UNDERWRITER** : A.A. Anthony Securities Sdn Bhd (17812-U)
1st Floor Bangunan Heng Guan
171 Jalan Burmah
10050 Penang
Tel No.: 604-229 9318
- INDEPENDENT MARKET RESEARCH CONSULTANT** : Frost & Sullivan (M) Sdn Bhd (522293-W)
Suite E-08-15 Block E
Plaza Mont' Kiara
2 Jalan Kiara, Mont' Kiara
50480 Kuala Lumpur
Tel No.: 603-6204 5800
- ISSUING HOUSE** : Malaysian Issuing House Sdn Bhd
Level 27 Menara Multi-Purpose
Capital Square
8 Jalan Munshi Abdullah
50100 Kuala Lumpur
Tel No.: 603-2693 2075
- LISTING SOUGHT** : MESDAQ Market of the Securities Exchange
- SYARIAH STATUS** : Approved by the SAC of the SC

THE REST OF THIS PAGE IS INTENTIONALLY LEFT BLANK

2. INFORMATION SUMMARY

THIS SECTION IS ONLY A SUMMARY OF THE SALIENT INFORMATION ABOUT THE GROUP. INVESTORS SHOULD READ AND UNDERSTAND THE WHOLE PROSPECTUS PRIOR TO MAKING AN INVESTMENT DECISION.

2.1 HISTORY AND BUSINESS OVERVIEW

We were incorporated in Malaysia under the Act on 13 December 2001 as a private limited company under the name StemLife Sdn Bhd and subsequently converted to a public limited company on 19 May 2006. As at the date of this Prospectus, our authorised share capital is RM25,000,000 comprising 250,000,000 StemLife Shares, of which RM12,500,000 comprising 125,000,000 StemLife Shares are issued and fully paid-up.

We are Malaysia's leading life-science company in the stem cell industry with a mission to offer modern and advanced medical treatments for major diseases afflicting Malaysians. Cellular and tissue regeneration, which only stem cells can provide, is known to be the path to natural and sustained healing as current drug treatments or surgery may only be palliative. Through our stem cell therapy and banking divisions, we have been successfully involved in the treatment of patients with heart disease, diabetic foot ulcer and blood disorders such as leukemia, lymphoma and thalassaemia major. We will also progressively offer therapies for tendon, ligaments and joint conditions in the next two (2) years.

We are a MSC status company with the vision of promoting regenerative medicine, in the form of stem cell therapy, to Malaysians and elevate Malaysia as the leading stem cell therapeutic treatment centre in South East Asia. With advancements being made in stem cell therapies, the Company aims to provide stem cell banking, stem cell therapies and consultancy services to the Malaysian public at an affordable cost as compared to procuring these services overseas.

Our principal activities are:

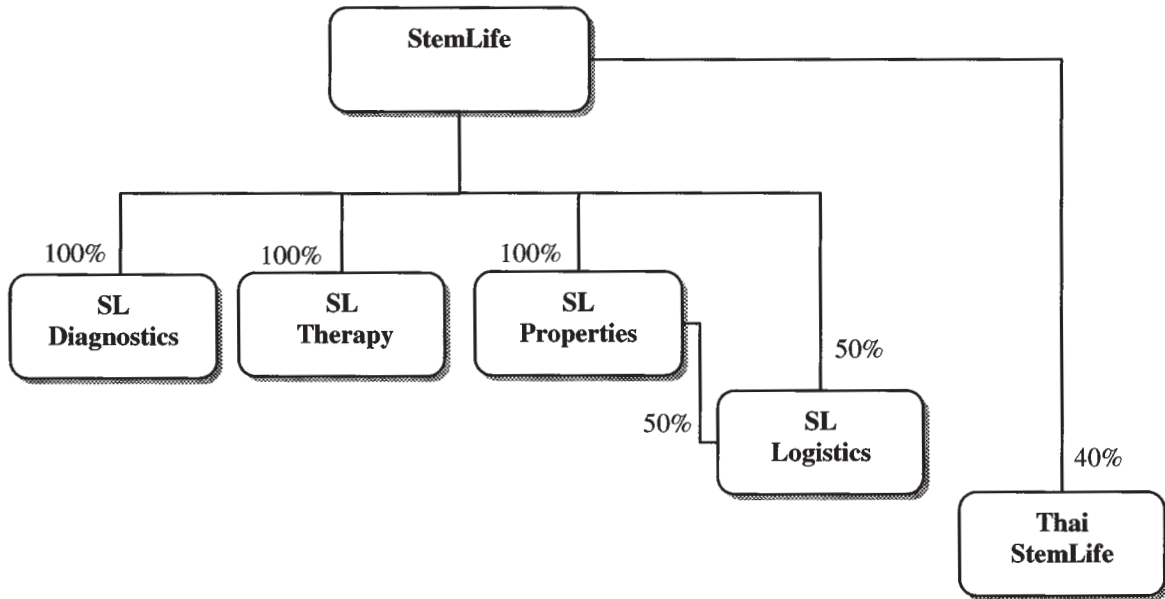
- stem cell therapies and consultancy services;
- collection, testing, processing and cryo-preservation of UCBSC;
- harvesting, testing, processing and cryo-preservation of PBSC; and
- investment holding.

Stem cells are cells with the ability to form many different cell types (under the right conditions and given the right signals). We deal with UCBSC and PBSC which have the ability to create immune cells and have the potential to generate replacement cells and tissue. As such, stem cells are able to renew and replace a damaged bone marrow to provide undiseased cells to a recipient's blood system and improve a person's immune system to cure, protect and prevent against diseases and stimulate the regeneration of damaged cells. In short, stem cell therapy has the scope to change disease treatment.

We are Malaysia's first stem cell services company. During the start-up years, we recognised the need to establish and build a large base of banked stem cells, the process of which would also create and develop awareness of the uses of stem cells, while establishing the market for potential stem cell therapy users. Concurrently with building this customer base, we continue to develop stem cell therapies in Malaysia, all of which would strategically place us as the front-runner in Malaysia's stem cell/regenerative medicine market and the obvious choice to consult on stem cell therapies. As at the Latest Practicable Date, we have been involved in nineteen (19) transplants (both allogenic and autologous) for the treatment of leukemia, thalassaemia major, heart disease, diabetic foot ulcer and lymphoma. The stem cells engrafted successfully in the nine (9) patients with leukemia and lymphoma. All the patients with thalassaemia major remain transfusion free six (6) months after the transplant. All the patients with heart disease saw an improvement in the pumping efficiency of their heart after stem cell therapy while stem cells healed the foot ulcer in the three (3) patients with diabetes.

2. INFORMATION SUMMARY (Cont'd)

The corporate structure of the Group is as follows:



The brief details of our subsidiary and associated companies are as follows:

Name	Date and Place of incorporation	Issued and paid-up share capital	Effective equity interest held %	Principal activities
SL Properties	26.04.2005 Malaysia	RM100	100.00	Property investment
SL Diagnostics	10.05.2005 Malaysia	RM100	100.00	Dormant
SL Logistics	21.01.2006 Malaysia	RM2	100.00	Dormant
SL Therapy	10.05.2005 Malaysia	RM100	100.00	Dormant
Thai StemLife	20.04.2005 Thailand	THB 25,000,000	40.00	Stem cell therapies and consultancy services, UCBSC Banking and PBSC Banking

Please refer to Sections 5 and 6 of this Prospectus for further details on the history and business of the Group.

2. INFORMATION SUMMARY *(Cont'd)*

2.2 INFORMATION ON THE PUBLIC ISSUE

2.2.1 Share Capital

As at the date of this Prospectus, our share capital is as follows:

	RM
<i>Authorised share capital</i>	
250,000,000 ordinary shares of RM0.10 each	<u>25,000,000</u>
<i>Issued and fully paid-up share capital</i>	
125,000,000 ordinary shares of RM0.10 each	12,500,000
<i>To be issued and credited as fully paid-up pursuant to the Public Issue</i>	
40,000,000 new ordinary shares of RM0.10 each	<u>4,000,000</u>
<i>Enlarged issued and paid-up share capital upon listing</i>	
165,000,000 ordinary shares of RM0.10 each	<u>16,500,000</u>

2.2.2 Class of Shares, Ranking And Rights

Immediately after listing, the Issue Shares shall rank equally in all respects with our existing issued shares including voting rights and rights to all dividends and other distributions, the entitlement date of which is subsequent to the date of their allotment. There are no special rights attached to the Issue Shares. We have only one (1) class of shares, namely ordinary shares of RM0.10 each.

Please refer to Section 3.5 of this Prospectus for details on our share capital.

2.2.3 Issue Price per StemLife Share RM0.33

The factors taken into consideration in determining the Issue Price are set out in Section 3.6 of this Prospectus.

2.2.4 Market Capitalisation upon Listing based on the Issue Price RM54,450,000

2.2.5 Proforma Consolidated NTA as at 30 June 2006

Proforma consolidated NTA (after the Public Issue and deducting estimated listing expenses of approximately RM2.0 million)	RM30,972,418
-------------------------------------------------------------------------------------------------------------------------------	--------------

Proforma consolidated NTA per share based on the enlarged issued and paid-up share capital of 165,000,000 StemLife Shares after the Public Issue	RM0.19
--------------------------------------------------------------------------------------------------------------------------------------------------	--------

Please refer to Section 3 of this Prospectus for further details on the Public Issue.

THE REST OF THIS PAGE IS INTENTIONALLY LEFT BLANK

2. INFORMATION SUMMARY (Cont'd)

2.3 USE OF PROCEEDS

Based on the issue price of RM0.33 per share, we will raise gross proceeds of approximately RM13.2 million from the Public Issue. The proceeds are expected to be fully utilised by the Group as follows:

Details of Utilisation	RM'000	Timeframe for utilisation from the listing date
Third laboratory	2,600	Within three (3) years
Additional laboratory equipment	3,000	Within three (3) years
Logistics expansion	600	Within three (3) years
Branch expansion	2,500	Within three (3) years
Working capital	2,500	Within one (1) year
Estimated listing expenses	2,000	Within three (3) months
Total	13,200	

Further information on the use of proceeds is provided in Section 3.7 of this Prospectus.

THE REST OF THIS PAGE IS INTENTIONALLY LEFT BLANK

2. INFORMATION SUMMARY *(Cont'd)*

2.4 RISK FACTORS

Our business is subject to a number of risk factors, many of which are outside our control. Prior to applying for any of the Issue Shares, which are the subject of this Prospectus, you should carefully consider, along with other matters in this Prospectus, the risks and investment conditions set out below. The summary of risks and investment conditions set out below are not an exhaustive list of the challenges that we currently face or that may develop in the future. Additional risks, whether known or unknown, may in the future have a material adverse effect on us or our Shares. The order in which the risk factors are presented should not be construed as their ranking.

Risks Relating to Our Business and Operations

- Dependence on the development of stem cell therapies and their success rate;
- No guarantee of wide market acceptance;
- Competition;
- Cryo-preservation storage facility and/or systems;
- Dependence on key management and technical personnel;
- Loss of tax incentive;
- Regulatory requirements;
- Potential litigation liability;
- Hazardous materials and environmental matters;
- Insurance coverage on our assets and disaster recovery; and
- Uncertainty of future plans

Risks Relating to Our Shares

- No prior market for our Shares;
- Failure/delay in the Listing; and
- Future sales of StemLife Shares by substantial shareholders

Other Risks

- Forward-looking statements

Please refer to Section 4 of this Prospectus for details on the above risk factors of the Group. **If you are unsure about any of the information contained in the section "Risk Factors", you should consult your stockbroker, bank manager, solicitor, accountant or other professional adviser.**

THE REST OF THIS PAGE IS INTENTIONALLY LEFT BLANK

2. INFORMATION SUMMARY (Cont'd)

2.5 FINANCIAL HIGHLIGHTS

2.5.1 Proforma Consolidated Income Statements

The following is a summary of the proforma consolidated income statements of the Group for the three (3) FYs ended 31 December 2005 and the six (6) months ended 30 June 2005 and 2006 prepared based on the assumption that the Group has been in existence throughout the FYs/FPs under review. The proforma consolidated income statements are prepared for illustrative purposes only and should be read in conjunction with the Reporting Accountants' Letter on the Proforma Consolidated Financial Information together with the accompanying notes as set out in Section 11.14 of this Prospectus.

	< -----FY ended 31 December----- >			Six (6) months ended 30 June 2005 [#]	Six (6) months ended 30 June 2006
	2003 RM'000	2004 RM'000	2005 RM'000	RM'000	RM'000
Revenue	1,218	3,288	7,577	2,648	5,648
Cost of sales	(946)	(1,530)	(3,702)	(1,301)	(3,127)
Gross profit	<u>272</u>	<u>1,758</u>	<u>3,875</u>	<u>1,347</u>	<u>2,521</u>
EBITDA	(502)	1,342	2,754	932	1,700
Depreciation	(89)	(125)	(302)	(81)	(227)
Interest expense	-	(4)	(4)	(2)	(2)
	<u>(591)</u>	<u>1,213</u>	<u>2,448</u>	<u>849</u>	<u>1,471</u>
Share of associated company's results	-	-	(399)	-	(231)
(LBT)/PBT	<u>(591)</u>	<u>1,213</u>	<u>2,049</u>	<u>849</u>	<u>1,240</u>
Taxation	-	-	(8)	(1)	(4)
(LAT)/PAT	<u>(591)</u>	<u>1,213</u>	<u>2,041</u>	<u>848</u>	<u>1,236</u>
No. of Stemlife Shares	125,000	125,000	125,000	125,000	125,000
Gross profit margin (%)	22.33	53.47	51.14	50.87	44.63
(LAT)/PAT margin (%)	(48.52)	36.86	26.94	32.02	21.88
Gross (LPS)/EPS (sen)	(0.5)	1.0	1.6	0.7	1.0
Net (LPS)/EPS (sen)	(0.5)	1.0	1.6	0.7	1.0
Effective tax rate (%)	-	-	0.4	0.1	0.3

Note:

The proforma consolidated income statement for the six (6) months ended 30 June 2005 is not audited and is included for comparison purpose only.

There were no extraordinary items or exceptional items during the FYs and FPs under review.

All our audited financial statements and that of our subsidiary and associated companies have been reported by the auditors without any qualifications for the FYs and FPs under review.

2. INFORMATION SUMMARY (Cont'd)

2.5.2 Proforma Consolidated Balance Sheets as at 30 June 2006

The table below sets out our proforma consolidated balance sheets as at 30 June 2006 and is provided for illustrative purposes only to show the effects of the Public Issue on the assumption that it had been completed on 30 June 2006. This proforma consolidated balance sheets should be read in conjunction with the accompanying notes set out in the Reporting Accountant's Letter on Proforma Financial Information disclosed in Section 11.14 of this Prospectus.

	Audited Consolidated Balance Sheet as at 30 June 2006 RM'000	After Public Issue RM'000
Non-current assets		
Property, plant and equipment	3,482	12,182
Investments	9,849	9,849
Deferred expenditure	346	-
Current assets		
Trade receivables	1,513	1,513
Other receivables and deposits	112	112
Amount due from associated company	1	1
Cash and bank balances	5,985	8,831
	7,611	10,457
Current liabilities		
Trade payables	179	179
Other payables and accruals	1,090	1,090
Amount due to Directors	228	228
Provision for taxation	12	12
Lease creditors	7	7
	1,517	1,517
Net current assets	6,094	8,940
Net assets	19,772	30,972
Financed by:		
Share capital	12,500	16,500
Reserves	7,272	14,472
Shareholders' funds	19,772	30,972
Number of StemLife Shares ('000)	125,000	165,000
NTA (RM'000)	19,426	30,972
NTA per share (sen)	15.54	18.77
Net assets (RM'000)	19,772	30,972
Net assets per share (sen)	15.82	18.77

THE REST OF THIS PAGE IS INTENTIONALLY LEFT BLANK

2. INFORMATION SUMMARY *(Cont'd)*

2.5.3 Consolidated Profit Forecasts

The consolidated profit forecasts of StemLife for the FYs ending 31 December 2006 and 2007 respectively are as follows:

	Forecast FY ending 31 December 2006 RM'000	Forecast FY ending 31 December 2007 RM'000
Turnover	13,878	18,226
Gross profit	5,941	7,922
Consolidated PBT	3,870	6,206
Less: Taxation	(78)	(152)
Consolidated PAT	3,791	6,054
No. of StemLife Shares in issue [^] ('000)	165,000	165,000
Gross EPS (sen) [#]	2.35	3.76
Net EPS (sen) [@]	2.30	3.67
Gross PE multiple (times)*	14.07	8.77
Net PE multiple (times)*	14.36	8.99

Notes:

[^] Based on 165,000,000 StemLife Shares assumed to be in issue after the Public Issue

[#] Calculated based on the consolidated PBT divided by the enlarged share capital of 165,000,000 StemLife Shares

[@] Calculated based on the consolidated PAT divided by the enlarged share capital of 165,000,000 StemLife Shares

* Calculated based on the issue price of RM0.33 per StemLife Share

Please refer to Sections 11.15 and 11.16 of this Prospectus for details on the consolidated profit forecasts and the Reporting Accountants' letter thereon.

THE REST OF THIS PAGE IS INTENTIONALLY LEFT BLANK

2. INFORMATION SUMMARY *(Cont'd)*

2.6 DIVIDEND POLICY

	Forecast FY ending 31 December 2006	Forecast FY ending 31 December 2007
Gross dividend per StemLife Share (sen)	1.00	1.80
Net dividend per StemLife Share (sen)	1.00	1.80
Gross dividend yield based on the issue price of RM0.33 per StemLife Share (%)	3.03	5.45
Net dividend yield based on the issue price of RM0.33 per StemLife Share (%)	3.03	5.45
Gross dividend cover (times)	2.30	2.04
Net dividend cover (times)	2.30	2.04

Our Board anticipates declaring dividends of approximately RM1.65 million and RM2.97 million for the FY ending 31 December 2006 and 2007 respectively. Thereafter, our Board shall propose dividend payments of up to 50% of PAT for the year, after considering the capital and cash flow requirements of the Group.

Please refer to Section 11.19 of this Prospectus for details on our dividend policy.

2.7 SYARIAH STATUS

StemLife has voluntarily submitted an application to the SC for the Syariah compliance review to be carried out by the SAC of the SC as part of the process to obtain its Syariah status at the Public Issue stage.

The SAC of the SC has classified the securities of StemLife as Syariah-compliant based on the latest audited financial statements for the FY ended 31 December 2005 and the Syariah criteria adopted by the SAC of the SC.

Further information on the Syariah status is provided in Section 3.5 of this Prospectus.

THE REST OF THIS PAGE IS INTENTIONALLY LEFT BLANK

3. PARTICULARS OF THE PUBLIC ISSUE

3.1 INTRODUCTION

This Prospectus is dated 28 September 2006.

The Public Issue under the terms of this Prospectus was approved by the SC on 6 July 2006. Approval-in-principle has also been obtained from the Securities Exchange on 2 August 2006 for our admission to the Official List of the MESDAQ Market and for permission to deal in and for quotation of our entire enlarged issued and paid-up share capital, including the Issue Shares which are the subject of this Prospectus.

Our entire enlarged issued and paid-up share capital will be admitted to the Official List of the MESDAQ Market and official quotation will commence upon receipt of confirmation from Bursa Depository that all CDS Accounts of the successful applicants have been duly credited and notices of allotment have been despatched to all successful applicants. Acceptance of applications for the Issue Shares will be conditional upon permission being granted by the Securities Exchange to deal in and for the quotation of our entire issued and paid-up share capital on the MESDAQ Market.

Pursuant to Section 14(1) of the Central Depositories Act, the Securities Exchange has prescribed our Shares as a prescribed security. In consequence thereof, the Issue Shares will be deposited directly with the Bursa Depository and any dealings in these shares will be carried out in accordance with the Central Depository Act and the Rules of Bursa Depository.

Pursuant to the MMLR, at least 25% of the total number of our shares for which listing is sought must be held by a minimum number of 1,000 public shareholders holding not less than 100 shares each at the time of admission into the MESDAQ Market. If the above requirement is not met pursuant to the Public Issue, StemLife may not be allowed to proceed with the Listing. In the event thereof, monies paid in respect of all applications will be returned in full without interest.

Applicants of the Issue Shares must have a CDS Account. For application by way of Application Form, the applicant should state his/her CDS Account number in the space provided in the Application Form. For application by way of Electronic Share Application, the applicant shall furnish his/her CDS Account number to the Participating Financial Institutions in the Electronic Share Application by keying in his/her CDS Account number if the instruction on the ATM screen at which he/she enters his/her Electronic Share Application requires him/her to do so. A corporation or institution cannot apply for the Issue Shares by way of Electronic Share Application.

You should rely only on the information contained in this Prospectus. Our advisers and us have not authorised anyone to provide information which is not contained in this Prospectus. The delivery of this Prospectus or any issue made in connection with this Prospectus shall not, under any circumstances, constitute a representation or create any implication that there has been no change in the affairs of the Group since the date of this Prospectus.

You should rely on your own evaluation to assess the merits and risks of the Public Issue and an investment in us. In considering the investment, if you are in any doubt as to the action to be taken should consult your stockbroker, bank manager, solicitor, accountant or any other professional adviser.

THE REST OF THIS PAGE IS INTENTIONALLY LEFT BLANK

3. PARTICULARS OF THE PUBLIC ISSUE (*Cont'd*)

3.2 DETAILS OF THE PUBLIC ISSUE

The 40,000,000 new ordinary shares of RM0.10 each in StemLife at an issue price of RM0.33 per share pursuant to the Public Issue will be allocated in the following manner:

(i) Malaysian Public

8,250,000 new StemLife Shares, representing approximately 5.0% of our enlarged issued and paid-up share capital, are reserved for application by Malaysian citizens, companies, societies, co-operatives and institutions, to be allocated via ballot.

(ii) Private Placement

21,750,000 new StemLife Shares, representing approximately 13.2% of our enlarged issued and paid-up share capital, will be placed with investors to be identified by the Placement Agent and/or us.

(iii) Eligible Directors, Employees and Customers

10,000,000 new StemLife Shares, representing approximately 6.1% of our enlarged issued and paid-up share capital, are reserved for application by the eligible Directors, employees and customers of StemLife and its subsidiary companies.

The Issue Shares reserved for application by the Malaysian public under paragraph (i) above are fully underwritten by our Underwriters.

Institutional investors have given their irrevocable undertakings to subscribe for their respective allocations totalling 15,000,000 of the Issue Shares under paragraph (ii) above. The balance of such Issue Shares amounting to 6,750,000 which are not subscribed by identified investors will be made available for application by the Malaysian public and are fully underwritten by our Underwriters.

Any Issue Shares under paragraph (iii) above which are not subscribed by the eligible Directors, employees and customers of StemLife and its subsidiary companies will be offered to other eligible Directors, employees and customers. Any such Issue Shares remaining unsubscribed after the subsequent offer will be made available for application by the Malaysian public, and will be fully underwritten by the Underwriters.

There is no minimum subscription level in respect of the Issue Shares.

3.3 DETAILS OF ALLOCATION TO ELIGIBLE DIRECTORS, EMPLOYEES AND CUSTOMERS

The 10,000,000 new StemLife Shares will be allocated to eligible Directors, employees and customers of StemLife and its subsidiary companies based on the following criteria:

3.3.1 Pink Form Shares Allocation

To be eligible for the Pink Form Shares, Directors and employees must be at least eighteen (18) years of age and confirmed in service on the date of allocation while the number of Pink Form Shares to be allocated will depend on each person's:

- seniority; and/or
- length of service; and/or;
- performance

3. PARTICULARS OF THE PUBLIC ISSUE (Cont'd)

Based on the abovementioned criteria which has been approved by the Board, 7,500,000 Issue Shares have been reserved for application by eighty (80) Directors and employees of the Group, of which 4,600,000 Issue Shares have been reserved for application by the following eligible Directors:

Name	Designation	No. of Pink Form Shares Allocated
Tan Sri Dato' Seri Megat Junid bin Megat Ayob	Non-Independent Non-Executive Chairman	500,000
Dr Aw Tar Choon	Deputy Executive Chairman / Chief Medical Officer	750,000
Low Su-Shing	Managing Director	1,250,000
Lim Oi Wah	Deputy Managing Director	1,250,000
Dr Chua Kok Seng	Independent Non-Executive Director	100,000
Loh Yoon Kwai	Independent Non-Executive Director	300,000
Tian Kim Loong	Independent Non-Executive Director	100,000
Tengku Putra Haron Aminurrashid bin Tan Sri Tengku Hamid Jumat	Independent Non-Executive Director	150,000
Dr Soo Chee Siong	Non-Independent Non-Executive Director	100,000
Dr Lim Yin Chow	Non-Independent Non-Executive Director	100,000
Total		4,600,000

3.3.2 Blue Form Shares Allocation

2,500,000 new StemLife Shares have been reserved for application by our customers, which will be allocated via ballot.

THE REST OF THIS PAGE IS INTENTIONALLY LEFT BLANK

3. PARTICULARS OF THE PUBLIC ISSUE *(Cont'd)*

3.4 PURPOSES OF THE PUBLIC ISSUE

The purposes of the Public Issue are as follows:

- (a) to obtain the listing of and quotation for our entire enlarged issued and paid-up share capital on the MESDAQ Market, which is expected to enhance our business, profile and future prospects;
- (b) to enable us to have access to the capital market to raise funds for future expansion and continued growth;
- (c) to enhance our stature for the marketing of our services, and for retaining and attracting skilled employees; and
- (d) to provide an opportunity for the Malaysian public and institutions and our eligible Directors, employees and customers to participate in our continued growth.

3.5 SHARE CAPITAL AND RIGHTS ATTACHING TO THE ISSUE SHARES

	RM
<i>Authorised share capital</i>	
250,000,000 ordinary shares of RM0.10 each	25,000,000
<i>Issued and fully paid-up share capital</i>	
125,000,000 ordinary shares of RM0.10 each	12,500,000
<i>To be issued and credited as fully paid-up pursuant to the Public Issue</i>	
40,000,000 new ordinary shares of RM0.10 each	4,000,000
<i>Enlarged issued and paid-up share capital upon Listing</i>	
165,000,000 ordinary shares of RM0.10 each	16,500,000
Issue Price per StemLife Share	RM0.33

The issue price of RM0.33 for each StemLife Share is payable in full upon application. The factors taken into consideration in determining the Issue Price are set out in Section 3.6 of this Prospectus.

Market Capitalisation upon Listing based on the Issue Price **RM54,450,000**

Class of Shares, Ranking And Rights

There is only one (1) class of shares, being ordinary shares of RM0.10 each, in StemLife. The Issue Shares shall rank *pari passu* in all respects with our existing Shares in issue, including voting rights and rights to all dividends and other distributions that may be declared subsequent to the date of allotment of the Issue Shares.

Unless there are special rights attached to any shares which may be issued in the future, our shareholder shall be entitled to share in the whole of the profits paid out as dividends and other distributions and the whole of any surplus in the event of liquidation in accordance with our Articles of Association. Such entitlement shall be in proportion to the amount paid-up on the StemLife Shares held by them.

Each shareholder is entitled to vote at any of our general meeting in person, by proxy or by attorney and on a show of hands, every person present who is a shareholder or representative or proxy or attorney of a shareholder shall have one (1) vote, and on a poll, every shareholder who is present in person or by proxy or by attorney or other duly authorised representative shall have one (1) vote for each ordinary share held. A proxy may but need not be a member of the Company.

3. PARTICULARS OF THE PUBLIC ISSUE *(Cont'd)*

Syariah Status

StemLife has voluntarily submitted an application to the SC for the Syariah compliance review to be carried out by the SAC of the SC as part of the process to obtain its Syariah status at the Public Issue stage.

The SAC of the SC has classified the securities of StemLife as Syariah-compliant based on the latest audited financial statements for the FY ended 31 December 2005 and the Syariah criteria adopted by the SAC of the SC.

3.6 PRICING OF THE ISSUE SHARES

The issue price of RM0.33 per StemLife Share was determined and agreed upon by the Company and Alliance, as Adviser, after taking into consideration the following factors:

(i) Financial and Operating History

The Group's operating and financial history and conditions as outlined in Sections 6 and 11 of this Prospectus.

(ii) Forecast PE Multiple and Earnings

For the FY ending 31 December 2007, we forecasted a PAT of RM6.05 million. Based on our enlarged issued and paid-up capital of 165,000,000 StemLife Shares, our forecast net EPS would be RM0.04 which represents a forecast net PE multiple of 8.99 times.

(iii) Consolidated NTA per Share

The proforma consolidated NTA, as at 30 June 2006, is RM30.97 million after taking into account the Public Issue and the use of proceeds therefrom. Based on the proforma consolidated NTA per StemLife Share of RM0.19, the Issue Price represents a premium of RM0.14 or 74%.

(iv) Future Plans and Prospects

The future plans, strategies and prospects of the Group as described in Section 7 of this Prospectus are expected to enhance our earnings potential and enable us to meet our forecast PAT of RM6.05 million for the FY ending 31 December 2007.

You should also note that the market price of our Shares upon listing is subject to the vagaries of market forces and other uncertainties, which may affect the price of our Shares. You are also reminded to consider carefully the risk factors as set out in Section 4 of this Prospectus.

3. PARTICULARS OF THE PUBLIC ISSUE (Cont'd)

3.7 USE OF PROCEEDS

The total gross proceeds of approximately RM13.2 million to be raised from the Public Issue and are to be fully utilised in the following manner:

Purpose	Note	RM'000	Timeframe for utilisation from the listing date
Third laboratory	(i)	2,600	Within three (3) years
Additional laboratory equipment	(ii)	3,000	Within three (3) years
Logistics expansion	(iii)	600	Within three (3) years
Branch expansion	(iv)	2,500	Within three (3) years
Working capital	(v)	2,500	Within one (1) year
Estimated listing expenses	(vi)	2,000	Within three (3) months
Total		<u>13,200</u>	

Notes:

(i) **Third laboratory**

We will set up a third laboratory at a location to be identified, which will have facilities for processing and testing of collected blood samples, cryo-preservation of stem cells and therapeutic research. The development of the additional facility is in line with Management's expectation of an increase in the number of new customers and will allow us to handle the increase in samples. In addition, the third laboratory will enable us to enhance our stem cell therapeutic business.

(ii) **Additional laboratory equipment**

We will continue to improve and upgrade our existing two (2) laboratories to be in line with technological developments. This will include automation of certain processes, expansion of our PBSC business and purchase of additional cryogenic tanks, processing equipment and freezers.

(iii) **Logistics expansion**

We intend to purchase up to four (4) vehicles of approximately RM150,000 each to transport collected blood samples from our branch offices to our laboratories in Kuala Lumpur and Cyberjaya.

(iv) **Branch expansion**

We intend to expand our current branches in Penang, Johor Bahru, Kuching, Kota Kinabalu and Ipoh to serve as regional branch offices in line with our expansion plans and anticipated increase in demand for UCBSC Banking in these areas.

(v) **Working capital**

We intend to allocate RM2.5 million for working capital purposes, which is in line with our business expansion plans. The said funds will be used to finance our day-to-day operations such as staff salaries, purchase of consumables and other operating expenses.

3. PARTICULARS OF THE PUBLIC ISSUE (Cont'd)

(vi) *Estimated listing expenses*

The estimated expenses incidental to the Listing, to be borne by us, are as follows:

	RM'000
<i>Professional advisory fees</i>	800
<i>Fees to the authorities</i>	90
<i>Underwriting commission, placement fees and brokerage fees</i>	400
<i>Issuing house</i>	50
<i>Printing and advertising fee</i>	200
<i>Miscellaneous expenses</i>	460
<i>Total</i>	<u>2,000</u>

Any variations to the actual listing expenses from the estimated amount will be adjusted via the working capital.

The use of the proceeds in the above manner is expected to have a positive financial impact on the Group as the proceeds from the Public Issue will enable us to:

- (i) increase our presence and range of services offered in towns and cities outside of Kuala Lumpur;
- (ii) increase our capacity and efficiency of our operations with the establishment of a third laboratory and through the automation of certain processes;
- (iii) further develop our PBSC Banking and stem cell therapies business by purchasing additional equipment and establishing dedicated facilities; and
- (iv) spur future expansion as a result of carrying out our future plans and strategies as set out in Section 7 of this Prospectus.

3.8 BROKERAGE, UNDERWRITING COMMISSION AND PLACEMENT FEES

Brokerage

Brokerage relating to the Issue Shares is payable by us at the rate of 1.0% of the Issue Price in respect of successful applications bearing the stamp of Alliance, a participating organisation of the Securities Exchange, a member of the Association of Banks in Malaysia, a member of the Malaysian Investment Banking Association or the Issuing House. No brokerage is payable on the Pink Form and Blue Form Shares and the Issue Shares to be placed to identified investors.

Underwriting Commission

We have entered into an underwriting agreement with Alliance and A.A. Anthony Securities Sdn Bhd on 29 August 2006 (Underwriting Agreement") for the underwriting of:

- (i) 8,250,000 new StemLife Shares reserved for application by the Malaysian public;
- (ii) Any unsubscribed Pink Form Shares and Blue Form Shares; and
- (iii) Any unsubscribed Issue Shares reserved for placement to identified investors.

Underwriting commission of 2.0% of the Issue Price for each Issue Share underwritten is payable by us. The salient terms of the Underwriting Agreement are set out in Section 3.9 of this Prospectus.

3. PARTICULARS OF THE PUBLIC ISSUE (Cont'd)

Placement Fee

The Placement Agent's fee for the placement of 15,000,000 Issue Shares is payable by us at the rate of 1.5% of the Issue Price per Issue Share.

3.9 SALIENT TERMS OF THE UNDERWRITING AGREEMENT

The following salient terms are reproduced from the Underwriting Agreement. Unless otherwise stated, all capitalised terms shall bear the same meaning as prescribed in the Underwriting Agreement.

Conditions Precedent

"2.3 *The obligations of the Underwriters under this Agreement are conditional upon:-*

- 2.3.1 *there having been on or prior to the Closing Date, in the opinion of the Underwriters (which opinion is final and binding), neither any material adverse change nor any development reasonably likely to result in any material adverse change, in the condition (financial or otherwise) of the Company or its Subsidiaries or its Associated Company, which is material in the context of the Public Issue from that set forth in the Prospectus, nor the occurrence of any event or the discovery of any fact which is inaccurate, untrue or incorrect to any extent which is or will be material in the reasonable opinion of the Underwriters, which makes any of the representations and warranties contained in Clause 3 untrue and incorrect in any respect as though they had been given and made on such date with reference to the facts and circumstances then subsisting, nor the occurrence of any breach of the undertakings contained in Clause 3;*
- 2.3.2 *the delivery to the Managing Underwriter:-*
 - 2.3.2.1 *prior to the date of the registration of the Prospectus, a copy certified as a true copy by an authorised officer of the Company of all the resolutions of the Directors and the shareholders in general meeting approving this Agreement, the Prospectus, the Public Issue and authorising the execution of this Agreement and the issuance of the Prospectus; and*
 - 2.3.2.2 *a certificate, in the form or substantially in the form contained in the SECOND SCHEDULE, dated the date of the Prospectus signed by duly authorised officers of the Company stating that, to the best of their knowledge and belief, having made all reasonable enquiries, there has been no such change, development or occurrence as is referred to in Clause 2.3.1.*
- 2.3.3 *the delivery to the Managing Underwriter on the Closing Date of such reports and confirmations dated the Closing Date from the Directors of the Company as the Underwriters may reasonably require to ascertain that there is no material change subsequent to the date of this Agreement that will adversely affect the performance or financial position of the Company or its Subsidiaries;*
- 2.3.4 *the Managing Underwriter having been satisfied that arrangements have been made by the Company to ensure payment of the expenses referred to in Clause 12;*
- 2.3.5 *the Public Issue not being prohibited or impeded by any statute, order, rule, regulation, directive or guideline (whether or not having the force of law) promulgated or issued by any legislative, executive or regulatory body or authority in Malaysia including the Securities Exchange;*

3. PARTICULARS OF THE PUBLIC ISSUE (Cont'd)

- 2.3.6 *the Company having complied and that the Public Issue is in compliance with the policies, guidelines and requirements of Securities Exchange and/or the SC and all revisions, amendments and/or supplements thereto;*
- 2.3.7 *the acceptance for registration by the SC of the Prospectus and such other documents as may be required in accordance with the SC Act in relation to the Public Issue and the lodgement of the Prospectus with the ROC on or before their release under the Public Issue;*
- 2.3.8 *the receipt by the Issuing House/Company by the Closing Date of all monies payable in relation to the 5,350,000 Pink Form Shares and 15,000,000 Placement Shares which are not underwritten; and*
- 2.3.9 *the Issue Shares shall be listed and quoted on the MESDAQ Market of the Securities Exchange within 1 calendar month from the Closing Date or such other period as may be approved by the relevant authorities and agreed in writing by the Parties.*
- 2.4 *If any of the conditions set out in Clause 2.3 is not satisfied by the Closing Date, the Managing Underwriter or the Underwriter shall thereupon be entitled to terminate this Agreement and in that event except for the liability of the Company for the payment of costs and expenses as provided in Clause 12 incurred prior to the termination and any claims pursuant to Clause 3.3.1 there shall be no further claims by the Underwriters against the Company, and the Parties shall be released and discharged from their respective obligations hereunder PROVIDED THAT the Managing Underwriter or the Underwriter may at its discretion with respect to its respective obligations waive compliance with any of the provisions of Clause 2.3."*

Termination

- "8.1 *Notwithstanding anything herein contained, the Managing Underwriter and/or the Underwriter, acting through the Managing Underwriter may by notice in writing to the Company given at any time before the Closing Date, terminate, cancel or withdraw its commitment to underwrite the Underwritten Shares if:-*
- 8.1.1 *there is any breach by the Company of any of the representations, warranties or undertakings contained in Clause 3, which is not capable of remedy or, if capable of remedy, is not remedied within such number of days as stipulated within the notice after notice of such breach shall be given to the Company to the satisfaction of the Underwriters, or by the Closing Date, whichever is earlier; or*
- 8.1.2 *there is withholding of information which is required to be disclosed to the Underwriters, which is required to be disclosed pursuant to this Agreement, and if capable of remedy, is not remedied within such number of days as stipulated within the notice after notice of such breach shall be given to the Company, which, in the opinion of the Managing Underwriter and/or the Underwriter, would have or can reasonably be expected to have, a material adverse effect on the business or operations of the Group, the success of the Public Issue, or the distribution or sale of the Issue Shares; or*
- 8.1.3 *there shall have occurred, happened or come into effect any of the following circumstances:-*
- (a) *any material change, or any development involving a prospective change, in national or international monetary, financial, economic or political conditions or the occurrence of any combination of any of the foregoing; or*

3. PARTICULARS OF THE PUBLIC ISSUE (Cont'd)

(b) any change in law, regulation, directive, policy or ruling in any jurisdiction or any event or series of events beyond the reasonable control of the Managing Underwriter and/or the Underwriter;

(c) any material and adverse change to the business or financial condition of the Company or the Group;

which would have or can reasonably be expected to have, a material adverse effect on the success of the Public Issue, or the distribution or sale of the Issue Shares, or which has or is likely to have the effect of making any material part of this Agreement incapable of performance in accordance with its terms; or

8.1.4 there is failure on the part of the Company to perform any of its obligations herein contained.

8.2 Subject to prior consultation with the Company, the Managing Underwriter and/or the Underwriter, acting through the Managing Underwriter may by notice in writing to the Company given at any time before the Closing Date, terminate, cancel or withdraw its commitment to underwrite the Underwritten Shares if any of the following occurs:

8.2.1 there is a material change in any law, regulation, directive, policy or ruling in any jurisdiction which seriously affects or will seriously affect the business of the Company and/or any other company in the Group;

8.2.2 there is a material change in national or international monetary, financial, political or economic conditions (including but not limited to conditions on the stock market, in Malaysia or overseas, foreign exchange market or money market or with regard to inter-bank offer or interest rates both in Malaysia or overseas) or exchange control legislation or regulations or currency exchange rates;

8.2.3 the Kuala Lumpur Composite Index falls below 700 points and remains below 700 points for 3 consecutive Market Days; or

8.2.4 the imposition of any moratorium, suspension or material restriction on trading in all securities generally on the Securities Exchange for 3 consecutive Market Days.

8.3 Upon such notice(s) being given under this Clause 8, the Managing Underwriter and/or the Underwriter shall be released and discharged of its obligations under this Agreement without prejudice to its rights whereby this Agreement shall be of no further force or effect and no Party shall be under any liability to any other in respect of this Agreement, except that the Company shall remain liable in respect of its obligations and liabilities under Clause 3, any antecedent breaches and under Clause 12 for the payment of the costs and expenses already incurred prior to or in connection with such termination and for the payment of any taxes, duties or levies with 7 days from the date of the same being due."

Force Majeure

"8A.1 It will be an event of force majeure if the Managing Underwriter or Underwriter is unable to perform its obligations stipulated herein resulting from any of the following: (i) acts of God, (ii) national disorder, (iii) armed conflict or serious threat of the same, (iv) hostilities, (v) embargo, (vi) detention, (vii) revolution, (viii) riot, (ix) looting or other labour disputes, (x) any unavailability of transportation or severe economic dislocation, (xi) earthquake, (xii) typhoon, (xiii) outbreak of war, (xiv) outbreak of disease or (xv) the declaration of a state of national emergency.

3. PARTICULARS OF THE PUBLIC ISSUE (Cont'd)

- 8A.2 *In the event of a force majeure pursuant to Clause 8A.1, the Underwriters may, subject to prior consultation with the Company, at any time prior to or on the Closing Date:-*
- 8A.2.1 *terminate this Agreement by giving notice to the Company in the manner as set out in Clause 13; or*
- 8A.2.2 *request for the Closing Date to be extended to such reasonable date as the Managing Underwriter may decide.*
- 8A.3 *Upon delivery of the notice of termination pursuant to Clause 8A.2.1 and in the manner as set out in Clause 13, this Agreement will terminate whereafter each Party's rights and obligations will cease and none of the Parties will have any claim against each other.*
- 8A.4 *In the event of a delivery of a request under Clause 8A.2.2, the Company shall consent to such request for the extension of the Closing Date.*
- 8A.5 *The delivery of a request under Clause 8A.2.2 shall not preclude the Underwriters from giving a further request for extension pursuant to Clause 8A.2.2 or giving of a notice to terminate pursuant to Clause 8A.2.1."*

THE REST OF THIS PAGE IS INTENTIONALLY LEFT BLANK