

4. RISK FACTORS

OUR BUSINESS IS SUBJECT TO A NUMBER OF FACTORS, 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 RISK FACTORS SET OUT BELOW. THESE RISK FACTORS 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.

4.1 RISKS RELATING TO OUR BUSINESS AND OPERATIONS

4.1.1 Dependence on the Development of Stem Cell Therapies and Their Success Rate

We specialise in the provision of stem cell banking and stem cell therapies and consultancy services. While demand for stem cell banking is healthy, continued demand in the future would be dependant on the number of stem cell applications and therapies that are discovered, developed and made known and available to the general public. Limited growth in the number of stem cell applications and therapies may have a material, adverse effect on the Group's business, operations and financial performance.

According to Frost & Sullivan, stem cell therapies can treat over 72 diseases today with more applications in the trial and research stage. This is facilitated by over 200 private companies, universities, and non-profit research institutions worldwide involved in stem cell research with more than RM50 billion expected to be funneled by 2007 into stem cell research and Asia becoming the centre of stem cell activity. However, there can be no assurance that a higher number of successful stem cell therapies will be achieved.

Notwithstanding the above, we have and will continue to be pro-active in stem cell research and the application of stem cells for diseases where there have been published positive results for stem cell transplants carried out outside of Malaysia. As at the Latest Practicable Date, we have been involved in nineteen (19) stem cell transplants for conditions which include thalassaemia major, leukemia, lymphoma, heart disease and diabetic foot ulcer. However, we cannot guarantee that any development work undertaken will result in the development of successful therapy(ies).

4.1.2 No Guarantee of Wide Market Acceptance

The stem cell banking industry is still in its infancy stage and there is no assurance that we will not be adversely affected by negative events or developments in this market.

Irrespective of the successful execution of our future plan, there is no guarantee that the public or healthcare professionals will accept the collection, testing, processing and cryo-preservation of UCBSC and/or PBSC as a viable mechanism to improve the availability of stem cells to combat, as yet, uncontracted diseases. We may not generate sufficient interest amongst the healthcare practitioners and as such, the flow of positive information from these professionals down to their patients may be limited.

4. RISK FACTORS (Cont'd)

In addition, the lack of information, public education and possible negative media coverage of stem cells and related topics could adversely affect our financial performance. However, we seek to mitigate negative perceptions and slow take-up of our services through active marketing and public education campaigns, as well as developing strong ties with the medical community in countries where we operate. Please refer to Section 6.11 of this Prospectus for details on our marketing channels and strategies. Our Directors believe that the present business is expected to grow due to increased awareness of the uses and effectiveness of stem cells in treating diseases, rising disease incidence, rising population and the shift towards an ageing population. In addition, we are actively involved in the application of stem cell therapies. By developing techniques which yield results, the uses of stem cells (measured by the diseases they treat) increases and further solidifies stem cell therapy as a proven part of the recovery/regenerative process. Through partnering with medical specialists in pioneering stem cell therapies in Malaysia, we bring much read treatments closer to home, thereby boosting domestic awareness.

4.1.3 Competition

The barriers to entry for the stem cell banking industry are high. Currently, we only face competition from a local provider in respect of UCBSC Banking services, while we are the only local company providing PBSC Banking and stem cell therapies and consultancy services. However, foreign competitors with greater financial and other resources may enter and compete in the markets where we operate. In the event we are unable to compete successfully, our business may be adversely affected and additional competition may make it more difficult to grow revenue and maintain the business on terms favourable to us.

However, the risk of future competition is mitigated through barriers to entry inherent in the industry coupled with our competitive advantages. The industry's barriers to entry are as follows:

- ***High Start-up Cost***

The cost of setting up and maintaining a stem cell bank with its own supporting laboratory facilities is substantial. The initial capital investment cost is approximately RM1.8 million. However, based on our experience, to achieve efficiency levels that would allow a private stem cell bank to experience economies of scale would require a base of approximately 5,000 stored stem cell samples, whereby the investment to reach this level of operational efficiency would be approximately RM5.0 million.

However, this is only in respect of investment in tangible assets. Due to limited available expertise in stem cell banking, future competitors new to the stem cell banking industry may incur technology transfer costs to obtain advice on the equipment required and operational process flow. Technology transfers are costly and begin at a minimum of approximately USD1.0 million.

- ***Operational Efficiency***

Until the business operations reaches a level of optimal efficiency, any new operations will incur losses in the initial stages. We incurred losses in the first two (2) years of operations. Based on our experience, operational efficiency is achieved at a monthly average of 250 UCBSC samples collected, tested, processed and stored. During this start-up period, stem cell banks must have sufficient funding to sustain their operations. From January to July 2006, StemLife collected an average of 430 samples.

- ***Credibility***

We have set a certain level of quality and standards in our services, such as offering personal collection of samples (which is available twenty-four (24) hours, seven (7) days a week), and processing all samples within thirty-six (36) hours. With our proven track record, new players would need to demonstrate their ability to deliver this level of service to compete with us. In addition, standards of quality and technology are high in the stem cell industry and any newcomers will need to prove their credibility before gaining acceptance by the clients, hospitals and medical specialists.

4. RISK FACTORS (Cont'd)

- ***Established Networks***

As the first mover, we have established an extensive network throughout Malaysia for our sales, marketing and logistics services. Considerable time would be needed to develop credibility and endorsement mainly from the local hospitals and medical specialists as information on stem cell services are filtered down to patients through them. As such, these hospitals and medical specialists form the principal avenue for a stem cell company to reach the general public. Over the past four (4) years, we have forged relationships with the medical fraternity in Malaysia that is based on mutual trust and capability. This development has entrenched us as a leading stem cell company. To compete and operate effectively and efficiently, any new player would need to establish a similar extensive network.

Please refer to Section 6.10 for details on our competitive advantages.

4.1.4 Cryo-preservation Storage Facility and/or Systems

Any prolonged failure, including network, software, hardware or equipment failure, that causes a material interruption in or discontinuance of our cryo-preservation storage of stem cell samples could result in the stored samples being damaged and/or rendered unusable. Damage to samples, including loss in transit to our laboratories, could result in litigation which may be harmful to our reputation and adversely affect our performance. Our insurance coverage does not extend to compensation for losses arising from any failures to the systems or interruptions to our ability to maintain proper, continued cryo-preservation storage services.

However, we have not experienced any major system or security disruption for the past twelve (12) months nor does Management anticipate any future major disruptions to our operations. Our cryo-preservation tanks are not dependent on power supply as the tanks are designed such that the temperature in the tanks is maintained by liquid nitrogen which can last up to fifteen (15) days before additional liquid nitrogen is required. There is also a back-up battery for the monitoring system which are checked daily to ensure they are operating properly. As such, disruption to the power supply would not materially affect our cryo-preservation storage services/facilities. In addition, the cryo-preservation tanks are fire-resistant for up to six (6) hours, are moveable and may be transported to an alternative site. Our laboratories are also secured and manned twenty-four (24) hours a day and any alerts from the monitoring systems would be quickly addressed. However, there is no assurance that any future security or system disruption will not materially affect our business.

4.1.5 Dependence on Key Management and Technical Personnel

Our Directors recognise and believe that our continued success depends to a significant extent on the abilities and continuing efforts of our key management and technical personnel, particularly Low Su-Shing, Lim Oi Wah and Dr Aw Tar Choon. The loss of the services of any of these individuals may have a material adverse effect on us. We mitigate the impact arising from the loss of our highly skilled personnel by offering attractive and competitive remuneration packages and succession planning.

Even though we have entered into service agreements with Low Su-Shing, Lim Oi Wah and Dr Aw Tar Choon, which will tie them to StemLife for a three (3) year period commencing on 1 January 2006, a succession plan is in place to ensure that their know-how is transferred to a team within the Company by continuous training, coaching and mentoring.

Notwithstanding the above, there is no assurance that we can continue to retain our existing personnel or attract additional or replacement key personnel with the requisite knowledge and expertise for our continued growth.

4. RISK FACTORS (Cont'd)

4.1.6 Loss of Tax Incentive

We were granted MSC status on 29 March 2002 by MDC and were granted pioneer status by the Ministry of International Trade and Industry on 8 May 2002. Pursuant thereto, we enjoy certain financial incentives accorded under Section 4A of the Promotion of Investments Act, 1986 that is, we are entitled to 100% income tax exemption on profits generated from our MSC-qualifying activities for a five (5) year period commencing on 8 May 2002. This five (5) year period may be renewable upon formal application to the MDC before 7 May 2007 and subject to MDC's confirmation that we have complied with all the conditions for the status. The grant of any such extension is at the discretion of the Ministry of International Trade and Industry, with the concurrence of the Minister of Finance, whereby the maximum period for pioneer status is ten (10) years. As such, Management will conscientiously ensure continued compliance with the MSC status. However, there is no assurance that the extension of the MSC and pioneer status will be renewed by the respective authorities which would have an impact on our financials.

4.1.7 Regulatory Requirements

Our operations are governed by the PHFS Act and its subsidiary legislation that is, the PHFS Regulations, which regulate the licensing and conduct of private blood banks such as that of the Company. These legislations and other government policies or regulations, which may be introduced from time to time, will affect the way we operate and may result in increased cost of compliance.

We will be making an application to the Ministry of Health for the licence under the PHFS Regulations to operate as a private blood bank in Malaysia. There is no assurance that the said licence will be granted to us. In the event we are unable to obtain the licence, our business will be adversely affected. However, we will ensure that all reasonable measures and steps are taken to obtain the licence and will ensure the continued compliance with all applicable laws and regulations governing our operations.

4.1.8 Potential Litigation Liability

In providing stem cell banking services, which is classified under the broader medical services sector, we expose ourselves to the risk of litigation. Any successful liability claim brought against us may materially and negatively impact our financial performance, professional reputation, market standing and potentially restrict our business operations such as our ability to provide stem cell banking services.

As such, we have developed and adhere to strict internal policies aimed at and emphasising on, amongst others, maintaining systematic documentation of samples stored to uphold accountability of the samples, carrying out extensive and stringent tests on samples stored to monitor non-contamination and continued viability for use of the samples stored, maintaining back-up and recovery systems to ensure that samples stored and operational systems are protected, providing continuous training for staff and hiring of skilled personnel to uphold and promote awareness of operational procedures. In addition, the report for every sample processed is individually reviewed and signed-off on by our Chief Medical Officer, Dr Aw Tar Choon.

4.1.9 Hazardous Materials and Environmental Matters

Our business involves the controlled use of certain waste materials. The storage, handling and disposal of such materials and waste products are governed by the Environmental Quality Act, 1974 ("EQA"). We engage Pantai Medivest Sdn Bhd to collect and dispose of bio-hazardous materials including the blood collection bags on a weekly basis from our laboratories. Although Management believes that our procedures for the handling and disposing of these materials are in compliance with the EQA, the risk of accidental contamination or injury from these materials cannot be completely eliminated. In the event of such an accident, we may be held liable for damages which we are not insured against. Currently, we comply with the EQA and will endeavour to ensure continued compliance.

4. RISK FACTORS (Cont'd)

4.1.10 Insurance Coverage on Our Assets and Disaster Recovery

Our daily operations are susceptible to and may be affected by events of emergency such as explosion, fire, flood, energy crisis, health crisis, sabotage, civil commotion, war or natural disasters. Management is aware of the adverse consequences arising from such damage that could cripple our business operations. To minimise the impact of such damage, Management will ensure that there is adequate coverage for our assets such as office equipment, cryo-preservation and laboratory equipment and furniture and fittings. Management will also undertake a review of such coverage on a continual basis. However, there can be no assurance that the insurance coverage would be adequate for the replacement cost of the assets or any consequential loss arising therefrom.

4.1.11 Uncertainty of Future Plans

The success of our future plan will be largely dependent among other things, on the following:

- (a) the continued acceptance of our services;
- (b) our marketing strategies and successful penetration into targeted markets;
- (c) stem cell research and development of new stem cell therapies;
- (d) the ability to recruit and retain skilled management and technical personnel; and
- (e) the ability to obtain financing as and when required.

There can be no assurance that we will be able to successfully implement our future plans or that unanticipated expenses or problems or technical difficulties will not occur which would result in material delays in the implementation or even deviation from our original plans. In addition, the actual results may deviate from the future plans due to rapid technological changes as well as competitive pressures. Please refer to Section 7 of this Prospectus for further information on our future plans.

4.2 RISKS RELATING TO OUR SHARES

4.2.1 No Prior Market for Our Shares

Prior to this Public Issue, there is no public market for our Shares. There can be no assurance that an active public market for our Shares will be developed or be sustained upon our Listing. The Issue Price was determined after taking into consideration various factors including, but not limited to, those set out in Section 3.6 of this Prospectus. The price of which our Shares will trade on the Securities Exchange will be dependent upon market forces beyond our control.

Therefore, there can be no assurance that the price of which of our Shares will trade on the MESDAQ Market will correspond to the Issue Price upon or subsequent to our listing.

4.2.2 Failure/Delay of the Listing

The success of our Listing is exposed to the risk that it may fail or be delayed should any of the following events occur:

- (a) either of the Underwriters exercises their right, pursuant to the Underwriting Agreement, to discharge itself from its obligations thereunder;
- (b) the placees for the private placement fail to subscribe for their portion of the Issue Shares allocated to them; and
- (c) we are unable to meet the public spread requirements, that is, at least 25% of our issued and paid-up share capital must be held by a minimum number of 1,000 public shareholders holding not less than 100 shares at the time of admission to the MESDAQ Market.

4. RISK FACTORS (Cont'd)

Although our Directors will endeavour to ensure the Company's compliance with the various listing requirements including, inter-alia, the public spread requirement imposed by the Securities Exchange, no assurance can be given that the abovementioned factors will not cause a delay in or abortion of the Listing.

If the Securities Exchange does not admit our Shares onto the Securities Exchange, the market for our Shares will be illiquid and it may not be possible to trade our Shares.

4.2.3 Future Sales of StemLife Shares by the Substantial Shareholders

Any future sales of StemLife Shares may have a downward pressure on the share price. The sale of a significant amount of StemLife Shares in the public market after the Public Issue, or the perception that such sales may occur could adversely affect the market price of our Shares. Except as otherwise described in Section 9.2 of this Prospectus, there will be no other restriction on the ability of the substantial shareholders to sell their Shares either on the MESDAQ Market or otherwise.

4.3 OTHER RISKS

4.3.1 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 and future plans 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 we 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.

We 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. We expressly disclaim 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 our expectations or any change in events, conditions or circumstances on which any such forward-looking statement is based.

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5. INFORMATION ON THE GROUP

5.1 INFORMATION ON THE COMPANY

We were incorporated in Malaysia on 13 December 2001, under the Act, as a private limited company under the name of StemLife Sdn Bhd and subsequently converted into a public limited company on 19 May 2006. We commenced operations in January 2002.

We are principally engaged in:

- 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.

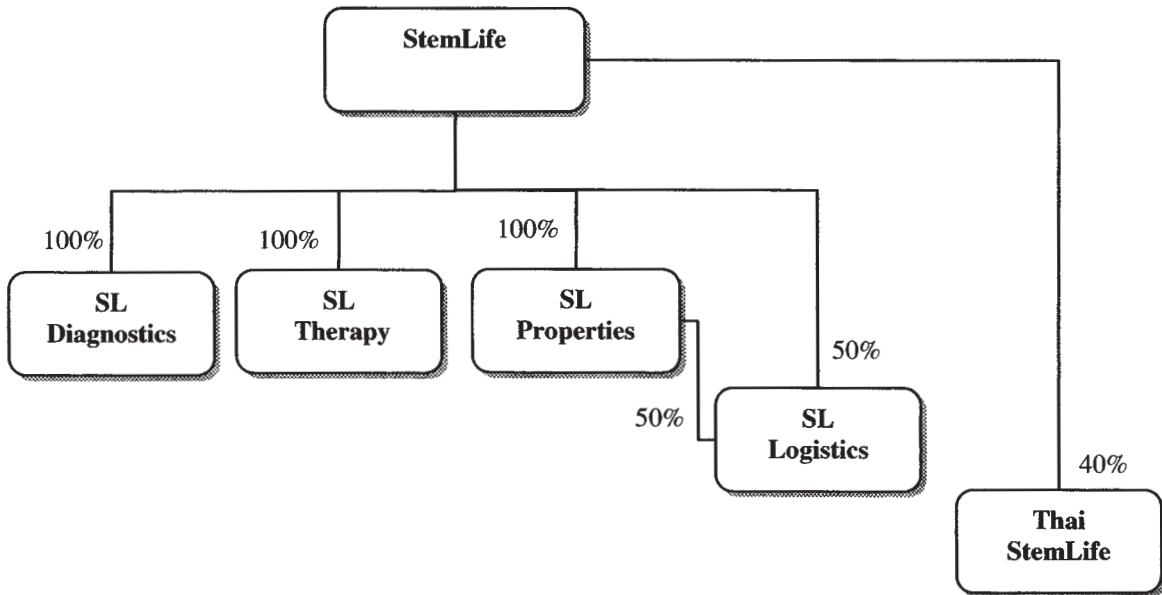
The Group consists of StemLife and its subsidiary and associated companies as follows:

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	100.0	Property investment
SL Diagnostics	10.05.2005 Malaysia	RM100	100.0	Dormant
SL Logistics	21.01.2006 Malaysia	RM2	100.0	Dormant
SL Therapy	10.05.2005 Malaysia	RM100	100.0	Dormant
Thai StemLife	20.04.2005 Thailand	THB 25,000,000	40.0	Stem cell therapies and consultancy services, UCBSC Banking and PBSC Banking

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5. INFORMATION ON THE GROUP (Cont'd)

The corporate structure of the Group is as follows:



As at the date of this Prospectus, our authorised and issued and paid-up share capital is as follows:

	Amount RM
Authorised 250,000,000 ordinary shares of RM0.10 each	25,000,000
Issued and Paid-up 125,000,000 ordinary shares of RM0.10 each	12,500,000

Upon completion of the Public Issue, our issued and fully paid-up share capital will increase to RM16,500,000 comprising 165,000,000 StemLife Shares.

As at the date of this Prospectus, we do not have any outstanding warrants, options, convertibles or uncalled capital.

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5. INFORMATION ON THE GROUP (Cont'd)

Details of the changes in our authorised share capital since incorporation are set forth below:

Date	Event	No. of shares	Type of shares	Par value RM	Authorised share capital RM
13.12.2001	Subscribers' shares	100,000	Ordinary shares	1.00	100,000
25.02.2002	Sub-division of shares	10,000,000	Ordinary shares	0.01	100,000
07.03.2002	Increase of share capital	500,000,000	Ordinary shares	0.01	5,000,000
11.04.2003	Reclassification into RCPS and ordinary shares	200,000,000	RCPS	0.01	2,000,000
		300,000,000	Ordinary shares	0.01	3,000,000
13.04.2005	Reclassification of RCPS into ordinary shares	500,000,000	Ordinary shares	0.01	5,000,000
08.07.2005	Consolidation of shares	50,000,000	Ordinary shares	0.10	5,000,000
30.11.2005	Increase of share capital	100,000,000	Ordinary shares	0.10	10,000,000
25.04.2006	Increase of share capital	250,000,000	Ordinary shares	0.10	25,000,000

Details of movements in our issued and paid-up share capital since incorporation are as follows:

Date of allotment/ sub-division/ consolidation	No. of ordinary shares/ RCPS allotted	Issue price per share RM	Par value RM	Consideration/ Type of issue	Total issued and paid-up share capital RM
13.12.2001	100,000	1.00	1.00	Subscribers' shares	100,000
25.02.2002	-	0.01	0.01	Sub-division of shares	100,000
07.03.2002	3,500,000	0.01	0.01	Otherwise than for cash	135,000
09.03.2002	4,050,000	0.01	0.01	Cash	175,500
30.04.2002	17,550,000	0.01	0.01	Rights issue	351,000
28.06.2002	64,900,000	0.01	0.01	Cash	1,000,000
30.04.2003	80,000,000	0.01	0.01	Cash	1,800,000
13.04.2005	-	0.01	0.01	Conversion of RCPS at par value	1,800,000
08.07.2005	-	0.10	0.10	Consolidation of shares	1,800,000
08.07.2005	32,000,000	0.10	0.10	Cash	5,000,000
30.11.2005	20,000,000	0.10	0.10	Cash	7,000,000
07.04.2006	30,000,000	0.20	0.10	Cash	10,000,000
26.04.2006	15,000,000	0.10	0.10	Cash	11,500,000
26.04.2006	10,000,000	0.20	0.10	Cash	12,500,000

Please refer to Section 8.1.1 of this Prospectus for information on our substantial shareholders.

5. INFORMATION ON THE GROUP (Cont'd)

5.2 INFORMATION ON SUBSIDIARY COMPANIES

5.2.1 Information on SL Properties

SL Properties was incorporated in Malaysia on 26 April 2005 under the Act, as a private limited company under the name of StemLife Properties Sdn Bhd. SL Properties commenced operations in June 2005.

The principal activity of SL Properties is property investment.

As at the date of this Prospectus, the present authorised and issued and paid-up share capital of SL Properties is as follows:

	Amount RM
Authorised	
100,000 ordinary shares of RM1.00 each	100,000
Issued and Paid-up	
100 ordinary shares of RM1.00 each	100

As at the date of this Prospectus, SL Properties does not have any outstanding warrants, options, convertibles or uncalled capital.

Details of movements in the issued and paid-up share capital of SL Properties since its incorporation are as follows:

Date of allotment	No. of ordinary shares allotted	Par value RM	Consideration	Total issued and paid-up capital RM
26.04.2005	2	2	Subscribers' shares	2
28.10.2005	98	98	Cash	100

As at the date of this Prospectus, SL Properties is a wholly-owned subsidiary company of StemLife. Save for SL Logistics which it has 50% equity interest, SL Properties does not have any subsidiary and/or associated companies.

5.2.2 Information on SL Diagnostics

SL Diagnostics was incorporated in Malaysia on 10 May 2005 under the Act, as a private limited company under the name of SL Diagnostics Sdn Bhd. SL Diagnostics is currently dormant.

As at the date of this Prospectus, the authorised and issued and paid-up share capital of SL Diagnostics is as follows:

	Amount RM
Authorised	
100,000 ordinary shares of RM1.00 each	100,000
Issued and Paid-up	
100 ordinary shares of RM1.00 each	100

As at the date of this Prospectus, SL Diagnostics does not have any outstanding warrants, options, convertibles or uncalled capital.

5. INFORMATION ON THE GROUP (Cont'd)

Details of movements in the issued and paid-up share capital of SL Diagnostics since its incorporation are as follows:

Date of allotment	No. of ordinary shares allotted	Par value RM	Consideration	Total issued and paid-up capital RM
10.05.2005	2	2	Subscribers' shares	2
28.10.2005	98	98	Cash	100

As at the date of this Prospectus, SL Diagnostics is a wholly-owned subsidiary company of StemLife and does not have any subsidiary and/or associated companies.

5.2.3 Information on SL Logistics

SL Logistics was incorporated in Malaysia on 21 January 2006 under the Act, as a private limited company under the name of StemLife Logistics Sdn Bhd. SL Logistics is currently dormant.

As at the date of this Prospectus, the authorised and issued and paid-up share capital of SL Logistics is as follows:

	Amount RM
Authorised	
100,000 ordinary shares of RM1.00 each	100,000
Issued and Paid-up	
2 ordinary shares of RM1.00 each	2

As at the date of this Prospectus, SL Logistics does not have any outstanding warrants, options, convertibles or uncalled capital.

There have been no changes in the issued and paid-up share capital of SL Logistics since its incorporation.

The shareholders of SL Logistics are as follows:

Name	Place of Incorporation	Direct		Indirect	
		No. of shares held	% held	No. of shares held	% held
StemLife	Malaysia	1	50.0	1*	50.0
SL Properties	Malaysia	1	50.0	-	-

Note:

* Deemed interest by virtue of its shareholdings in SL Properties pursuant to Section 6A of the Act

As at the date of this Prospectus, SL Logistics does not have any subsidiary and/or associated companies.

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5. INFORMATION ON THE GROUP (Cont'd)

5.2.4 Information on SL Therapy

SL Therapy was incorporated in Malaysia on 10 May 2005 under the Act, as a private limited company under the name of Cell Therapy Innovation Sdn Bhd. SL Therapy is currently dormant.

As at the date of this Prospectus, the authorised and issued and paid-up share capital of SL Therapy is as follows:

	Amount RM
Authorised	
100,000 ordinary shares of RM1.00 each	<u>100,000</u>
Issued and Paid-up	
100 ordinary shares of RM1.00 each	<u>100</u>

As at the date of this Prospectus, SL Therapy does not have any outstanding warrants, options, convertibles or uncalled capital.

Details of movements in the issued and paid-up share capital of SL Therapy since its incorporation are as follows:

Date of allotment	No. of ordinary shares allotted	Par value RM	Consideration	Total issued and paid-up capital RM
10.05.2005	2	2	Subscribers' shares	2
28.10.2005	98	98	Cash	100

As at the date of this Prospectus, SL Therapy is a wholly-owned subsidiary company of StemLife and does not have any subsidiary and/or associated companies.

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5. INFORMATION ON THE GROUP *(Cont'd)*

5.3 INFORMATION ON ASSOCIATED COMPANY

5.3.1 Information on Thai StemLife

Thai StemLife was incorporated in Thailand on 20 April 2005 under Thai laws as a private limited company under its present name. The principal activity of Thai StemLife is stem cell therapies and consultancy services, UCBSC Banking and PBSC Banking. Thai StemLife commenced operations in July 2005.

As at the date of this Prospectus, the authorised and issued and paid-up share capital of Thai StemLife is as follows:

	Amount THB
Authorised	
2,500,000 ordinary shares of THB10 each	25,000,000
Issued and Paid-up	
2,500,000 ordinary shares of THB10 each	25,000,000

There have been no changes in the issued and paid-up share capital of Thai StemLife since its incorporation up to 17 August 2006.

As at the date of this Prospectus, Thai StemLife does not have any outstanding warrants, options, convertibles or uncalled capital.

The shareholders of Thai StemLife as at 17 August 2006 are as follows:

Name	Place of Incorporation	Direct		Indirect	
		No. of shares held	% held	No. of shares held	% held
StemLife	Malaysia	1,000,000	40.0	-	-
Superior Biotech Holding Co Ltd.	Thailand	1,250,000	50.0	-	-
Jetanin Co Ltd.	Thailand	125,000	5.0	-	-
Rama 9 Hospital Co Ltd	Thailand	125,000	5.0	-	-

As at the date of this Prospectus, Thai StemLife does not have any subsidiary and/or associated companies.

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