

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION

WASHINGTON, D.C. 20549

FORM 8-K

CURRENT REPORT
PURSUANT TO SECTION 13 OR 15(D) OF THE
SECURITIES EXCHANGE ACT OF 1934

Date of Report (Date of earliest event reported): July 2, 2009

NEOSTEM, INC.

(Exact Name of Registrant as Specified in Charter)

Delaware
(State or Other Jurisdiction of
Incorporation)

0-10909
(Commission
File Number)

22-2343568
(IRS Employer
Identification No.)

420 Lexington Avenue, Suite 450, New York, New York 10170
(Address of Principal Executive Offices)(Zip Code)

(212) 584-4180
Registrant's Telephone Number

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions (see General Instruction A.2. below):

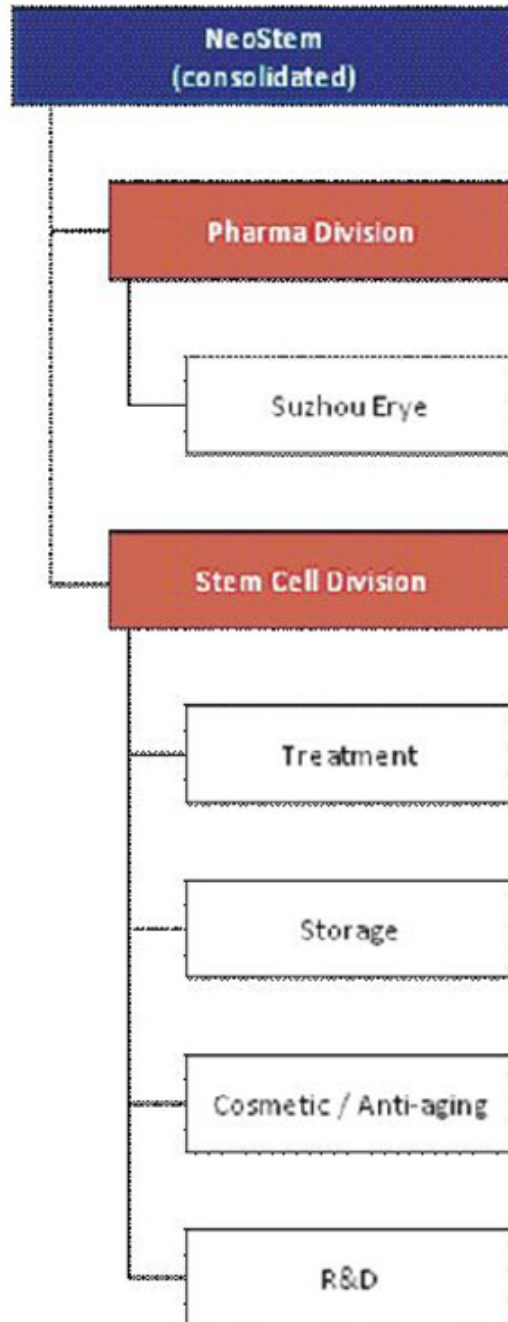
- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
 - Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
 - Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
 - Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))
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Item 8.01. Other Events.

EXPANSION INTO CHINA

NeoStem has explored multiple alternatives and believes that China affords the best opportunity for it to expand revenues rapidly and accelerate research and development activities. In that vein, after a year of evaluating opportunities, on November 2, 2008, NeoStem signed the definitive Agreement and Plan of Merger that is the subject of Current Reports on Form 8-K filed on each of November 6, 2008 and July 8, 2009. Pursuant to the Merger Agreement, NeoStem will establish a separate pharma division by acquiring a 51% ownership interest in Suzhou Erye Pharmaceuticals Company, Ltd. (“Erye”), which had gross revenues in 2008 of approximately \$50 million, through the merger of CBH, which currently holds a 51% ownership interest in Erye, with and into CBH Acquisition LLC (“Subco”), a wholly-owned subsidiary of NeoStem. Separately, beginning in 2009, we embarked on other activities to expand our operations into the PRC through a stem cell division that will be in place of closing on a transaction that also is described in the Company’s Current Report on Form 8-K filed on November 6, 2008 whereby the Company through a Share Exchange Agreement would acquire rights in Shandong New Medicine Research Institute of Integrated Traditional and Western Medicine Limited Liability Company. The Company is terminating this agreement and is discussions with regard to acquiring an option to purchase Shandong New Medicine during the next three years.

A schematic of the structure of the proposed China initiatives follows:



The rationale behind NeoStem's expansion into China is to accelerate stem cell therapy, research and development and creation of intellectual property positions in an environment that is more readily accepting of stem cell therapies. These initiatives will be led by U.S. researchers and physicians in collaboration with experts in the PRC for each clinical indication to be pursued. China has a large population with a rapidly growing middle and upper class who are becoming focused on regenerative medicine and can afford such services. We believe that a collaboration involving these two countries will create commercial, financial and scientific opportunities. The NeoStem stem cell future business model in China can be broken down as follows:

- **Treatment**

Through its efforts in the US, NeoStem is building a pipeline of stem-cell based regenerative medicine therapies for a variety of conditions including:

- o Orthopedic Conditions
 - Use of Regenexx regenerative medicine therapies using autologous mesenchymal stem cells extracted from bone marrow for the treatment of various orthopedic conditions.
 - Conditions that can be treated include a variety of orthopedic conditions including osteoarthritis, meniscus tears of the knee, avascular necrosis and bulging lumbar discs, amongst others.
 - NeoStem believes that China has a large potential market for these treatments, as evidenced by recent news reports indicating that there are between 80-100 million sufferers of arthritis alone.
 - NeoStem is in the process of implementing plans to build an initial network of hospitals to offer these orthopedic treatments in China, with the collaboration with Wendeng Hospital (as described below) to be the first of such hospitals.
- o NeoStem is also developing a further pipeline of additional regenerative therapies, with the intention to bring these into the China market over the next few years.
- o In addition to expansion of the range of conditions, NeoStem also intends to tap the recent medical tourism phenomenon. Preliminary review indicates that there is a sizeable appetite for stem cell based medical tourism.

- **Storage**

- o Collection, processing and cryogenic preservation and storage of adult stem cells from peripheral blood for potential future regenerative medical treatment.
- o NeoStem expects that its core business in the US will be able to leverage its operating and technical expertise in this area to accelerate the establishment of a world-class storage operation adhering to international best practices and standards.
- o As it is anticipated that the source of the autologous stem cells would come from many of NeoStem's proposed regenerative therapies and cosmetic/anti-aging services, it is anticipated that the storage business will be a cornerstone of NeoStem's strategy in China.

- **Cosmetic & Anti-Aging**

- o This business unit will offer stem cell based treatments for cosmetic and anti-aging applications
- o One of the key initial products is anticipated to be the autologous adult stem cell based skin rejuvenation therapy as demonstrated by Dr Giampapa in January, 2009 at the 2009 International Stem Cell Technology and Applications Summit in Qingdao, China.
- o Through the efforts of Dr Giampapa and other US experts, NeoStem also intends to develop and launch a range of other cosmetic and anti-aging applications.
- o In addition to the stem cell based therapies, NeoStem anticipates distributing ancillary health supplements and nutraceutical products.

- o These therapies are anticipated to initially be provided through the facilities at the Second Sanatorium (as further described below).

R&D

- o Commercial development on VSEL (Very Small Embryonic Like) stem cell technology with NeoStem and its US R&D partner, the University of Louisville, the institution at which the VSEL technology was developed and at which research with NeoStem is continuing.
- o As part of its efforts to spearhead the introduction of cutting edge stem cell treatment therapies in China, NeoStem is also in the process of establishing collaborative agreements with a number of leading domestic Chinese research institutes in order to provide a further boost to translational research activities in the US.
- o To support the onshore translational research activities, NeoStem is pursuing the establishment of a dedicated R&D facility in Beijing.

The above initiatives are illustrated by the following developments:

In February 2009, NeoStem entered into a License Agreement with Vincent Giampapa, M.D., F.A.C.S. pursuant to which the NeoStem acquired a world-wide, exclusive, royalty bearing, perpetual and irrevocable license, with the right to sublicense, to certain innovative stem cell technology and applications for cosmetic facial and body procedures and skin rejuvenation. In January 2009, Dr. Giampapa entered into a three year consulting agreement with NeoStem to serve as a consultant in anti-aging. As part of his agreement, he agrees to travel to China a minimum of three times per year for the purpose of educating, training and assessing medical staff. In January 2009, on behalf of the Company Dr. Giampapa traveled to China and presented and demonstrated some of his skin rejuvenation techniques using autologous adult stem cells at the 2009 International Stem Cell Technology and Applications Summit in Qingdao, China. His demonstrations were televised by China Central Television (CCTV), attracting wide public interest as well as professional interest from the Summit's audience of leading stem cell practitioners.

In March 2009, NeoStem entered into a License Agreement with Regenerative Sciences, LLC, granting NeoStem an exclusive, royalty bearing, perpetual and irrevocable license, with the right to sublicense, to innovative and patented stem cell technology and applications in relation to the application of regenerative stem cell techniques to orthopedic indications. In addition to this licensing agreement, Dr Chris Centeno, the CEO of Regenerative Sciences, LLC, entered into an agreement with NeoStem in May, 2009, to provide consulting services in the area of Stem Cell Therapy in Orthopedics. Pursuant to the terms of this agreement, Dr Centeno will travel to China a minimum of three times a year for the purposes of selecting a suitable domestic PRC partner hospital, and for assessing and training medical staff in relation to the provision of stem cell therapies for orthopedics, and will conduct training for NeoStem staff at Regenerative Sciences, LLC's facilities in Colorado.

In June 2009, Qingdao Niao Bio-Technology Ltd. ("Qingdao Niao" or "LLC1") entered into a three year co-operation agreement with the Qingdao Second Sanatorium of Jinan Military Command ("Second Sanatorium"). As both a leading comprehensive hospital within the PLA network and as one of the principal healthcare centers in charge of ensuring the well-being of senior and retired military officials in China, Qingdao Second Sanatorium is a key player within the domestic anti-aging and cosmetics arena. NeoStem intends to collaborate with Second Sanatorium to offer both stem cell based therapies for a variety of conditions as well as stem cell based anti-aging and cosmetics therapies.

In June 2009, Qingdao Niao entered into a co-operation agreement with Shandong Wendeng Orthopedic Hospital ("Wendeng Hospital") to conduct and develop clinical research and the clinical application of autologous stem cells for the treatment of a variety of orthopedic conditions for a term of five years. Wendeng Hospital is considered to be one of the leading specialist orthopedic hospitals in China, with close to 90% of their inpatient capacity dedicated to orthopedic cases. NeoStem intends to establish its first onshore patient treatment facility in collaboration with Wendeng Hospital. Our relationship with Qingdao Niao is described below.

In addition to the above-mentioned stem cell initiatives undertaken by NeoStem, on June 15, 2009, NeoStem signed a ten-year, exclusive, royalty bearing agreement with Enhance BioMedical Holdings Limited (“Enhance”) to provide Enhance with the training, technical, and other assistance required for Enhance to offer stem cell based therapies in Taiwan, Shanghai, and five other provinces in eastern China including Jiangsu, Zhejiang, Fujian, Anhui and Jiangxi. This agreement also gives NeoStem the option to acquire up to a 20% fully diluted equity interest in Enhance for a period of five years. NeoStem will receive certain milestone payments as well as be entitled to a stated royalty on the revenues derived from Enhance’s offering these stem cell based therapies.

All of the activities above are designed to broaden the scope of NeoStem’s operations and to enter into the arena of advanced stem cell and regenerative medicine therapies in the United States and China. While NeoStem continues to pursue its platform business of operating a commercial autologous adult stem cell bank, it has made a determination that the platform business will be enhanced if NeoStem acquires and develops advanced stem cell regenerative medicine therapies.

PRC Corporate Structure

In connection with carrying out its expansion objectives in the PRC, NeoStem has recently established a wholly foreign owned subsidiary in China, known as NeoStem (China), Inc. (“WFOE”). The WFOE is domiciled in Qingdao and under its scope of business approved by the Chinese regulatory authorities, the WFOE may engage in the research & development, transfer and technological consultation service of bio-technology, regenerative medical technology and anti-aging technology (excluding the development or application of human stem cell, gene diagnosis and treatment technologies); consultation of economic information; import, export and wholesaling of machinery and equipments (the import and export do not involve the goods specifically stipulated in/by state-operated trade, import & export quota license, export quota bidding, export permit, etc.). We have capitalized the WFOE in an initial amount of approximately \$2,900,000. In furtherance of complying with PRC’s foreign investment prohibition on stem cell research and development, clinical trials and related activities, we conduct our business in the PRC via the following two domestic variable interest entities (“VIEs”):

Qingdao Niao Bio-Technology Ltd., is a Chinese domestic company controlled by the WFOE through various business agreements. Under its scope of business approved by the registration authorities, Qingdao Niao may engage in research and development in, transfer of and technical consultation in bio-cell technology, gene technology and regenerative medical technology. Qingdao Niao is wholly owned by Liu Hongbing, Qingdao Niao’s Legal Representative and Executive Director, also Financial Manager of Qingdao Niao. The registered capital of Qingdao Niao is RMB 100,000 (approximately \$15,000). A more detailed description of Qingdao Niao’s activities is set forth below.

Beijing Ruijiao Bio-Technology Ltd. (“Beijing Ruijiao” or “LLC 2”), is a Chinese domestic company controlled by the WFOE through various business agreements. Under its scope of business approved by the registration authorities, Beijing Ruijiao may engage in technology development, technology transfer, technology consultation and technology services. Beijing Ruijiao is wholly owned by Fu Wenyuan, Beijing Ruijiao’s Legal Representative and Executive Director, also an employee of Qingdao Niao. The registered capital of Beijing Ruijiao is RMB 100,000 (approximately \$15,000). The main activity of Beijing Ruijiao is to establish an R&D lab in Beijing and to act as one of the sharing beneficiaries of any potential financial benefits generated from commercialization of successful clinical trials conducted jointly from collaborations between the lab and partner hospitals (see below).

The capital investment in these VIEs is funded by NeoStem through the WFOE and recorded as interest-free loans to the shareholders of Qingdao Niao and Beijing Ruijiao. As of July 2, 2009, the total amount of interest free loans to these shareholders of the VIEs listed as above was approximately \$300,000.

According to the latest edition of the Catalog Guiding Foreign Investment in Industries effective December 2007 (the “Catalog”), the development and application of human stem cell technology are placed in the “prohibited” category, off limits to foreign investors. This policy prohibition precludes NeoStem from participating directly in stem cell related business in China. NeoStem does not have direct ownership interests in either Qingdao Niao or Beijing Ruijiao. Under various contractual agreements, the shareholders of the VIEs are required to transfer their ownership interests in these entities to the WFOE in China in the event Chinese laws and regulations allow foreign investors to hold ownership interests in the VIEs, or to our designees at any time for the amount of, to the extent permitted by Chinese laws, outstanding loans. The shareholders of the VIEs have entrusted us to appoint the directors and senior management personnel of the VIEs on their behalf. Through the WFOE, we have entered into exclusive technical service agreements and other service agreements with the VIEs, under which the WFOE provided technical and other services to the VIEs in exchange for substantially all net income of the VIEs. In addition, shareholders of the VIEs have pledged their equity interests in the VIEs to the WFOE as collateral for non-payment of loans or for fees on technical and other services due to us.

On March 6, 2009, the NeoStem and Progenitor Cell Therapy (“PCT”) expanded their cell processing agreement for services in the United States to include PCT’s developing a plan to set up a stem cell processing, storage and manufacturing operation in Beijing, China that NeoStem would pursue in partnership with an off-shore entity. This plan would support research and cell therapy development and manufacturing operations. The plan will include a conceptual architectural design, cost estimates for construction, facility validation to meet cGMP standards, equipment requirements and estimated costs of equipment procurement, and other related matters. An initial plan has been received from PCT.

Further, plans are under way to pursue a cooperation with NeoStem’s PRC consultant, Shandong Life and Science Institute (“SLSI”), a not-for-profit organization under PRC law, to organize and convene various clinical trials. NeoStem will provide funding through a contractual arrangement with SLSI. Accordingly, it is intended that SLSI will take the responsibility of establishing and structuring clinical trials with third parties, other research institutes and a number of partner hospitals. The initial funding of these clinical trials is expected to be RMB 5,000,000 (approximately \$730,000).

NeoStem is expected to receive benefits, to the extent permitted by Chinese laws, through various VIE contractual agreements in the form of authorized sharing of the ownership of the know-how and other intellectual property rights derived from the clinical trials and R&D, and in the form of financial benefits on a basis of profit sharing mechanisms with participating partner hospitals from the commercialization of regeneration medical treatments developed successfully from the clinical trials.

The reason for the above structure pertains to the regulations around foreign investment in China. Under the current foreign investment policy, all foreign direct investment in China is divided into four broad categories: “encouraged,” “permitted,” “restricted,” and “prohibited.” The latest edition of the Catalog, lists specific lines of business in which foreign investment is encouraged, restricted, or prohibited. Those not listed are deemed permitted. According to the Catalog, the development and application of human stem cell technology, along with gene diagnosis and treatment technologies, are placed in the “prohibited” category, off limits to foreign investors. This policy prohibition essentially precludes NeoStem from participating directly in stem cell related business in China.

Pursuant to Certain Opinions regarding Administration of Not-for-profit Research Institutions (Trial) (the “Opinion”), or the Opinion which was promulgated and became effective on December 19, 2000, not-for-profit research institutions shall have independent legal person status, and shall operate independently under the guidance and supervision of corresponding government authorities. Not-for-profit research institutions shall conduct science, research, technical consulting and technical service mainly for the purpose of social benefits, and shall not be operated for profit. No person or institution shall obtain any investment return from not-for-profit research institutions in any manner, and all of the income generated by not-for-profit research institutions during their provision of for-profit services to society, and which is permitted to be kept by the not-for-profit research institution pursuant to relevant rules, shall be used for the development of the not-for-profit research institution. Through various VIE contractual agreements, NeoStem is expected to obtain, directly or indirectly, part of the management and operation rights and benefits from SLSI. If any of SLSI, NeoStem or the contractual arrangement between them is regarded as breaching any clause in the Opinion, the contractual agreements between SLSI and NeoStem shall need to be terminated or modified, and NeoStem may not obtain or continue to obtain benefits, directly or indirectly, from SLSI as expected.

Further, Pursuant to the Interim Measures for the Administration of Human Genetic Resources (the “Measures”), which was promulgated and took effect on June 10, 1998, China adopted a reporting and registration system on important pedigrees and genetic resources in specified regions. Whoever is engaged in activities in China such as sampling, collecting, researching, developing, trading or exporting human genetic resources or taking such resources outside the territory of the PRC shall abide by the Measures. The term “human genetic resources” in the Measures refers to the genetic materials such as human organs, tissues, cells, blood specimens, preparations of any types or recombinant DNA constructs, which contain human genome, genes or gene products as well as to the information related to such genetic materials. It is possible that the research and development operations conducted by SLSI may be regarded by corresponding government authorities in China as human genetic resources research and development activities, and thus, the Measures may apply. If the Measures apply to the cooperation between the Lab and/or the SLSI, and NeoStem, such cooperation is subject to approval of competent government authorities in China. The sharing of patents or other corresponding intellectual property rights derived from such research and development operations is also subject to various restriction and approval requirements established under the Measures. If NeoStem is unable to obtain corresponding approvals on a timely basis, or at all, NeoStem’s operation in China will be materially affected.

Further, the shareholders of the VIEs have pledged their equity interests in the VIEs to the WFOE as collateral for non-payment of loans or for fees on technical and other services due to us. On March 16, 2007, the PRC Property Law was promulgated and took effect on October 1, 2007. According to the PRC Property Law, a pledge of the equity interest of a company in China cannot be legally established until it is duly registered with the relevant administration of industry and commerce. On September 1, 2008, the Measures on Registration of Pledge of Equity Interest with the Administration of Industry and Commerce was promulgated by the PRC State Administration of Industry and Commerce and took effect on October 1, 2008, which contains the procedure for registration of a pledge of the equity interest of a company. The pledges under the equity pledge agreements between the WFOE and the shareholders of VIEs are yet to be registered with the relevant administration of industry and commerce, and as such, we cannot assure you about the effectiveness of these pledges. We will make efforts to register the pledges with the administration as soon as practically possible.

Risks Related to Doing Business in China

We are beginning to pursue new business opportunities in People's Republic of China ("PRC" or "China"), and it is expected that our business will develop an increasingly significant presence in China. Because China's economy, laws, regulations and policies are different from those typically found in the west and are continually changing, we will face risks including those summarized below:

Since NeoStem is unfamiliar with managing business operations in China, our operations may be subject to additional risks and uncertainties.

Because NeoStem does not have experience in doing business in the PRC, NeoStem's directors, officers, managers, and employees will be encountering for the first time the economic, political, and legal climate that is unique to the PRC, which may present risk and uncertainties to NeoStem's operations. Although in recent years the PRC government has implemented measures emphasizing the use of market forces for economic reform, the reduction of state ownership of productive assets and the establishment of sound corporate governance in business enterprises, a substantial portion of productive assets in the PRC is still owned by the PRC's government. In addition, the PRC's government continues to play a significant role in regulating industry development by imposing industrial policies. It also exercises significant control over the PRC's economic growth through the allocation of resources, controlling payment of foreign currency-denominated obligations, setting monetary policy and providing preferential treatment to particular industries or companies. There can be no assurance that the PRC's economic, political or legal systems will not develop in a way that becomes detrimental to our business, results of operations and prospects. Our activities may be materially and adversely affected by changes in the PRC's economic and social conditions and by changes in the policies of the PRC's government, such as measures to control inflation, changes in the rates or method of taxation and the imposition of additional restrictions on currency conversion.

Many industries in China are subject to government regulations that limit or prohibit foreign investments in such industries, which may limit our ability to control our current China-based businesses, as well as our ability to participate in new ventures and expand further into the Chinese market.

The Chinese government has imposed regulations in various industries, such as publishing, media, market research, medical research (including the stem cell business) and social research industries, that would limit foreign investors' equity ownership or prohibit foreign investments altogether in companies that operate in such industries. As a result, our ability to control our existing China-based businesses as well to partake in new ventures and expand further in to the Chinese market may be limited.

Further, many of the rules and regulations that companies face in China are not made public. If new laws or regulations or policies forbid foreign investment in industries in which we want to complete a business combination, they could severely impair our choice of candidate pool of potential target businesses. Additionally, if the relevant Chinese authorities find us or the target business with which we ultimately complete a business combination to be in violation of any existing or future Chinese laws or regulations, they would have broad discretion in dealing with such a violation, including, without limitation:

- levying fines;

- revoking our business and other licenses;
- requiring that we restructure our ownership or operations; and
- requiring that we discontinue any portion or all of our business.

In order to comply with PRC regulatory requirements, we operate our China-based businesses through companies with which we have contractual relationships but in which we do not have controlling ownership. If the PRC government determines that our agreements with these companies are not in compliance with applicable regulations, our business in the PRC could be adversely affected.

The Chinese government does not permit foreign direct investment in stem cell research and development, businesses. Accordingly, we operate our stem cell-related businesses in China through two VIEs that are owned principally or completely by certain of PRC employees of the WFOE. We control these companies and operate these businesses through contractual arrangements with the respective companies and their individual owners, but we have no direct equity control over these companies. Although other foreign companies have used VIE structures similar to ours and such restrictions and arrangements are not uncommon in other PRC companies, the application of a VIE structure to control companies in a sector in which foreign direct investment is specifically not permitted carries heightened risks.

We cannot be sure that the PRC government would view our operating arrangements to be in compliance with PRC regulatory requirements, with existing policies or with requirements or policies that may be adopted in the future. If we are determined not to be in compliance, the PRC government could revoke the business license of the WFOE, require us to discontinue or restrict our operations, restrict our right to collect revenues, require us to restructure our business, corporate structure or operations, impose additional conditions or requirements with which we may not be able to comply, impose restrictions on our business operations or on our customers, or take other regulatory or enforcement actions against us that could be harmful to our business. We may also encounter difficulties in obtaining performance under or enforcement of related contracts.

We rely on contractual arrangements with our VIEs for our China operations, which may not be as effective in providing control over these entities as direct ownership.

Because PRC regulations prevent us from directly engaging in stem cell related research, development and commercial applications in China, we are dependent on our VIEs in which we have little or no equity ownership interest and must rely on contractual arrangements to control and operate these businesses. These contractual arrangements may not be as effective in providing control over these entities as direct ownership. For example, the VIEs could fail to take actions required for our business or fail to conduct business in a manner we desire despite their contractual obligation to do so. These companies are able to transact business with parties not affiliated with us. If these companies fail to perform under their agreements with us, we may have to rely on legal remedies under Chinese law, which we cannot be sure would be effective. In addition, we cannot be certain that the individual equity owners of the VIEs would always act in the best interests of NeoStem, especially if they leave NeoStem.

Pursuant to the Certain Opinions regarding Administration of Not-for-profit Research Institution (Trial), or the Opinion promulgated and became effective on December 19, 2000, not-for-profit research institution shall have independent legal person status, and shall operate independently under the guidance and supervision of corresponding government authorities. Not-for-profit research institution shall conduct science research, technical consulting and technical service mainly for purpose of social benefits, and shall not be operated for profits. No person or institution shall obtain any investment return from not-for-profit research institution in any manner, and all of the income generated by not-for-profit research institution during its provision of for-profit services to the society, and which is permitted to be kept by the not-for-profit research institution pursuant to relevant rules, shall be used for the development of the not-for-profit research institution. Through various VIE contractual agreements, NeoStem is expected to obtain, directly or indirectly, part of the management and operation rights and benefits from SLSI. If any of SLSI, NeoStem or the contractual arrangement between them is regarded as breaching any clause in the Opinion, the contractual agreements between SLSI and NeoStem shall have to be terminated, and NeoStem will not obtain benefits, directly or indirectly, from SLSI as expected.

Further, the shareholders of the VIEs have pledged their equity interests in the VIEs to the WFOE as collateral for non-payment of loans or for fees on technical and other services due to us. On March 16, 2007, the PRC Property Law was promulgated and took effect on October 1, 2007. According to the PRC Property Law, a pledge of the equity interest of a company in China cannot be legally established until it is duly registered with the relevant administration of industry and commerce. On September 1, 2008, the Measures on Registration of Pledge of Equity Interest with the Administration of Industry and Commerce was promulgated by the PRC State Administration of Industry and Commerce and took effect on October 1, 2008, which contains the procedure for registration of a pledge of the equity interest of a company. The pledges under the equity pledge agreements between the WFOE and the shareholders of VIEs are yet to be registered with the relevant administration of industry and commerce, and as such, we cannot assure you about the effectiveness of these pledges. We will make efforts to register the pledges with the administration as soon as practically possible.

Due to the relationship between the WFOE and our VIEs, the PRC tax authorities may challenge our VIE structure, including the transfer prices that we will use for related party transactions among our entities in China.

Substantially all profits generated from our VIEs will be paid to the WFOE in China through related party transactions under contractual agreements. We believe that the terms of these contractual agreements are in compliance with the laws in China. The tax authorities in China have not yet examined these contractual agreements. Due to the uncertainties surrounding the interpretation of the transfer pricing rules relating to related party transactions in China, it is possible that in the future when the VIEs generate profits the tax authorities in China may challenge the transfer prices that we will use for related party transactions among our entities in China.

For example, due to our operating and tax structures in the PRC, we have entered into technical and other service agreements between the WFOE and our VIEs in the PRC, pursuant to which the WFOE provides technical and other services to our VIEs in exchange for substantially all net income of these VIEs. We will incur a 5% business tax when the WFOE receives the fees from the VIEs, which we will include in our operating expenses as the cost of transferring economic benefit generated from these VIEs. We believe that the terms of such service agreements are in compliance with the laws of the PRC. It is possible that the tax authorities in the PRC may challenge this arrangement. In the event the tax authorities challenge our VIE structure, we may be forced to restructure our business operation, which could have a material adverse effect on our business.

In the future NeoStem will partly rely on dividends paid by our WFOE for our cash needs. Statutory restrictions limit its ability to pay dividends to us and therefore our future cash needs may not be met.

In the future, we expect dividend payments from the WFOE in China for our revenues after they receive payments from our VIEs in China under various services and other arrangements. We cannot make any assurance that the WFOE in China will receive payments uninterrupted as arranged under our contracts with those VIEs.

The payment of dividends in China is subject to limitations. Regulations in the PRC currently permit payment of dividends by our PRC subsidiaries only out of accumulated distributable earnings, if any, as determined in accordance with accounting standards and regulations in China. Moreover, our Chinese subsidiaries will be required to set aside at least 10% of their accumulated after-tax profit each year, if any, to fund certain mandated reserve funds until such reserves have reached at least 50% of their registered capital, and these reserves are not payable or distributable as cash dividends.

Restrictions on currency exchange may limit our ability to utilize our cash flow effectively.

Our interests in China will be subject to China's rules and regulations on currency conversion. In China, China's State Administration for Foreign Exchange (SAFE) regulates the conversion of the Chinese Renminbi into foreign currencies. Currently, foreign investment enterprises are required to apply to the SAFE for Foreign Exchange Registration Certificates or IC Cards of Enterprises with Foreign Investment. Foreign investment enterprises holding such registration certificates, which must be renewed annually, are allowed to open foreign currency accounts including a "basic account" and "capital account." Currency translation within the scope of the "basic account," such as remittance of foreign currencies for payment of dividends, can be effected without requiring the approval of the SAFE. However, conversion of currency in the "capital account," including capital items such as direct investments, loans, and securities, require approval of the SAFE. We cannot assure you that the Chinese regulatory authorities will not impose further restrictions on the convertibility of the Chinese currency. Any future restrictions on currency exchanges may limit our ability to use our cash flow for the distribution of dividends to our shareholders or to fund operations we may have outside of China.

Fluctuations in the value of the Renminbi relative to foreign currencies could affect our operating results.

We will prepare our financial statements in United States dollars however our business will operate in two currencies, United States dollars and Chinese Renminbi. It is anticipated that our Chinese operations will be self sufficient and conduct its operations exclusively in Renminbi and therefore day to day operations in China will not be affected by fluctuations in foreign exchange rates. At the present time we do not expect to have significant cross currency transactions that will be at risk to foreign currency exchange rates. Nevertheless the conversion of financial position and results of operations with a functional currency of Renminbi will be subject to risks related to foreign currency exchange rate fluctuations that could have material adverse effect on our business, financial condition and operating results. The value of Renminbi against the United States dollar and other currencies may fluctuate and is affected by, among other things, changes in China's political and economic conditions. As we will have significant operations in China, any significant revaluation of the Renminbi may materially and adversely affect our cash flows, revenues and financial condition. For example, to the extent that we need to convert United States dollars into Chinese Renminbi for our operations, appreciation of this currency against the United States dollar could have a material adverse effect on our business, financial condition and results of operations. Conversely, if we decide to convert our Renminbi into United States dollars for other business purposes and the United States dollar appreciates against this currency, the United States dollar equivalent of the Renminbi we convert would be reduced.

Recent changes in China's currency policies may increase the fluctuation of the Chinese currency which could impact our operating results and cash flows.

We are subject to the effects of exchange rate fluctuations with respect to the currency. For example, the value of the Renminbi depends to a large extent on Chinese government policies and China's domestic and international economic and political developments, as well as supply and demand in the local market. Starting July 2005, the Chinese government changed its policy of pegging the value of Chinese Renminbi to the U.S. dollar. Under the new policy, Chinese Renminbi has fluctuated within a narrow and managed band against a basket of certain foreign currencies. As a result of this policy change, Chinese Renminbi has appreciated significantly in the past few years. It is possible that the Chinese government could adopt a more flexible currency policy, which could result in more significant fluctuation of Chinese Renminbi against the U.S. dollar. We can offer no assurance that Chinese Renminbi will be stable against the U.S. dollar or any other foreign currency.

Our operations are subject to risks associated with emerging markets.

The Chinese economy is vulnerable to market downturns and to economic slowdowns elsewhere in the world. As has happened in the past, financial problems or an increase in the perceived risks associated with investing in China or in emerging economies in general could dampen foreign investment in China and businesses could face severe liquidity constraints, further materially adversely affecting these economies. As a result, disruptions in the development of the global economy could have a material adverse effect on the financial condition and results of operations of our subsidiaries in China.

China is a developing nation governed by a one party government and may be more susceptible to political, economic, and social upheaval than other nations.

China is a developing country governed by a one-party government. China is also a country with an extremely large population, widening income gaps between rich and poor and between urban and rural residents, minority ethnic and religious populations, and growing access to information about the different social, economic, and political systems found in other countries. China has also experienced extremely rapid economic growth over the last decade, and its legal and regulatory systems have changed rapidly to accommodate this growth. These conditions make China unique and may make it susceptible to major structural changes. Such changes could include a reversal of China's movement to encourage private economic activity, labor disruptions or other organized protests, nationalization of private businesses, civil strife, strikes, acts of war and insurrections. If any of these events were to occur, it would significantly affect our financial performance.

If political relations between China and the United States deteriorate, it could cause a downturn in our financial condition; disruptions to our operations; or a less receptive public response to the goods or services we may offer.

The relationship between China and the United States is subject to sudden fluctuation and periodic tension. Relations may also be compromised if the U.S. becomes a more vocal advocate of Taiwan or proceeds to sell certain military weapons and technology to Taiwan. Changes in political conditions in China and changes in the state of Sino-U.S. relations are difficult to predict and could adversely affect our operations or financial condition. In addition, because of our involvement in the Chinese market, any deterioration in political relations might cause a public perception in the United States or elsewhere that might cause the goods or services we may offer to become less attractive.

China's State Food and Drug Administration's regulations, and changes to them, may limit or adversely affect our ability to develop, license, manufacture and market our products and services.

Some or all of our operations in China will be subject to the actions of PRC government regulators such as the State Food and Drug Administration ("SFDA"). Government regulations, among other things, cover the inspection of and controls over testing, manufacturing, safety and environmental considerations, efficacy, labeling, advertising, promotion, record keeping and sale and distribution of pharmaceutical products. Such government regulations may increase our costs and prevent or delay the licensing, manufacturing and marketing of any of our products or services. In the event we seek to license, manufacture, sell or distribute any products or services, we might need the proper approval from certain government agencies such as the SFDA. The future growth and profitability of any operations in China would be contingent on obtaining the requisite approvals. There is no assurance that we will obtain such approvals.

If the research and development operations conducted by the Beijing Stemcell Research Center ("Lab") or the Shandong Life and Science Institute ("SLSI") cooperated with NeoStem in China is regarded by corresponding government authorities in China as human genetic resources research and development activities, the cooperation between the Lab and/or the SLSI, and NeoStem are subject to approval of competent government authorities in China.

Pursuant to the Interim Measures for the Administration of Human Genetic Resources, or the Measures, promulgated and took effect on June 10, 1998, China adopts a reporting and registration system on important pedigrees and genetic resources in specified regions. Whoever involved in such activities in China as sampling, collecting, researching, developing, trading or exporting human genetic resources or taking such resources outside the territory of the People's Republic of China shall abide by the Measures. The term "human genetic resources" in the Measures refers to the genetic materials such as human organs, tissues, cells, blood specimens, preparations of any types or recombinant DNA constructs, which contain human genome, genes or gene products as well as to the information related to such genetic materials.

Any institution or individual who discovers or holds important pedigrees and genetic resources in the specified regions shall immediately report to the relevant government authorities. No institution or individual may sample, collect, trade, export human genetic resources or take them outside the territory of the People's Republic of China, or provide them to other countries in any form without obtaining corresponding approval. Where human genetic resources in China are involved in any international collaborative project, the Chinese collaborating party shall be responsible for going through the due formalities of application for approval.

With regard to the ownership of corresponding intellectual property rights, pursuant to the Measures, the Chinese research and development institution shall have the priority to access information about the human genetic resources within the territory of the People's Republic of China, particularly the important pedigrees and genetic resources in the specified regions and the relevant data, information and specimens and any transfer of such human genetic resources to other institutions shall be prohibited without obtaining corresponding approval. No foreign collaborating institution or individual that has access to the above mentioned information may publicize, publish, apply for patent right or disclose it by any other means without obtaining corresponding approval. In a collaborative research and development of human genetic resources of China between any Chinese and foreign institutions, intellectual property right therefore shall be disposed according to the following principles: (i) patent shall be jointly applied by both parties and the consequent patent right shall be owned by both parties if an achievement resulted from the collaboration is patentable. Either party has the right to implement such patent separately or jointly in its own country in accordance with the contract; however, the transfer of such patent to any third party or the permission of authorizing any third party to implement such patent shall be carried out upon agreement of both parties, and the benefits obtained thereof shall be shared in accordance with their respective contributions; and (ii) the right of utilizing, transferring and sharing any other scientific achievement resulted from the collaboration shall be specified in the collaborative contract or agreement signed by both parties. Both parties are equally entitled to make use of the achievement which is not specified in the contract or agreement; however, the transfer of such achievement to any third party shall be carried out upon agreement of both parties, and the benefits obtained thereof shall be shared in accordance with their respective contributions.

It is possible that the research and development operations conducted by the Beijing Stemcell Research Center (“Lab”) or the Shandong Life and Science Institute (“SLSI”) cooperated with NeoStem in China may be regarded by corresponding government authorities in China as human genetic resources research and development activities, and thus, the Measures may apply. If the Measures apply to the cooperation between the Lab and/or the SLSI, and NeoStem, such cooperations are subject to approval of competent government authorities in China. The sharing of patents or other corresponding intellectual property rights derived from such research and development operations is also subject to various restriction and approval requirements established under the Measures. If NeoStem is unable to obtain corresponding approvals on a timely basis, or at all, NeoStem’s operation in China will be materially affected.

We may not be able to enforce our rights in China.

China’s legal and judicial system may negatively impact foreign investors. In 1982, the National People’s Congress amended the Constitution of China to authorize foreign investment and guarantee the “lawful rights and interests” of foreign investors in the China. However, China’s system of laws in this area is not yet comprehensive. The legal and judicial systems in the China are still rudimentary, and enforcement of existing laws is inconsistent. Many judges in China lack the depth of legal training and experience that would be expected of a judge in a more developed country. Because the China judiciary is relatively inexperienced in enforcing the laws that do exist, anticipation of judicial decision-making is more uncertain than would be expected in a more developed country. It may be impossible to obtain swift and equitable enforcement of laws that do exist, or to obtain enforcement of the judgment of one court by a court of another jurisdiction. China’s legal system is based on civil law, or written statutes; a decision by one judge does not set a legal precedent that must be followed by judges in other cases. In addition, the interpretation of Chinese laws may vary to reflect domestic political changes.

PRC laws and regulations that may govern our business operations in China are sometimes vague and uncertain. There are substantial uncertainties regarding the interpretation and application of PRC laws and regulations, including but not limited to the laws and regulations governing our business and the enforcement and performance of our contractual arrangements in the event of the imposition of statutory liens, death, bankruptcy and criminal proceedings. We will be required to comply with certain PRC laws and regulations. These laws and regulations are sometimes vague and may be subject to future changes, and their official interpretation and enforcement may involve substantial uncertainty. The effectiveness of newly enacted laws, regulations or amendments may be delayed, resulting in detrimental reliance by foreign investors. New laws and regulations that affect existing and proposed future businesses may also be applied retroactively. We cannot predict what effect the interpretation of existing or new PRC laws or regulations may have on our business.

The laws of China are likely to govern many of our material agreements, including, without limitation the Joint Venture Agreement and the VIE documents. We cannot assure you that we will be able to enforce our interests or our material agreements or that remedies will be available outside of certain regions. For example, the system of laws and the enforcement of existing laws in China may not be as certain in implementation and interpretation as in the United States. The Chinese judiciary is relatively inexperienced in enforcing corporate and commercial law, leading to a higher than usual degree of uncertainty as to the outcome of any litigation. The inability to enforce or obtain a remedy under any of our future agreements may have a material adverse impact on our operations.

If China imposes restrictions to reduce inflation, future economic growth in China could be severely curtailed, which could lead to a significant decrease in the efficiency and/or profitability of our operations in China.

While the economy of China has experienced rapid growth, this growth has been uneven among various sectors of the economy and in different geographical areas of the country. Rapid economic growth can lead to growth in the supply of money and rising inflation. If prices for any products or services being developed in China rise at a rate that is insufficient to compensate for the rise in the costs of supplies, materials or labor, it may have an adverse effect on our profitability. In order to control inflation in the past, China has imposed controls on bank credits, limits on loans for fixed assets and restrictions on state bank lending. In the further, the PRC government could adopt additional measures to further combat inflation, including the establishment of price freezes or moratoriums on certain projects or transactions. Such measures could harm the economy generally and hurt our business by (i) limiting the income of our customers available to spend on our services, (ii) by forcing us to lower our profit margins, and (iii) by limiting our ability to obtain credit or other financing to pursue our expansion plans or maintain our business. We cannot predict with any certainty the degree to which our line of business will be affected by any slow-down of economic growth.

The laws and regulations governing the stem cell therapy industry in China are developing and subject to future changes. Future PRC laws may impose conditions or requirements with which we may not be able to comply, which could materially and adversely affect our business.

As the stem cell therapy industry is at an early stage of development in China, new laws and regulations may be adopted in the future to address new issues that arise from time to time. As a result, substantial uncertainties exist regarding the interpretation and implementation of current and any future PRC laws and regulations applicable to the stem cell therapy industry. There is no way to predict the content or scope of applicability of future Chinese stem cell regulation. There can be no assurances that in the future the PRC government authorities will not issue laws or regulations which may impose conditions or requirements with which we may not be able to comply, which could materially and adversely affect our business, financial condition and results of operations.

Ethical and other concerns surrounding the use of stem cell therapy may increase the regulation of or negatively impact the public perception of our stem cell services, thereby reducing demand for our services.

The use of embryonic stem cells for research and stem cell therapy has been the subject of debate regarding related ethical, legal and social issues. The Ministry of Science and Technology and the Ministry of Health of the PRC issued “The Ethical Guiding Principles for the Research of Human Embryonic Stem Cell” on December 24, 2003, which are formulated for the purpose of aligning the research of human embryonic stem cell in the biomedical field in China with the ethical criterion of life, ensuring the respect and observance of internationally recognized ethical standards of life and the relevant provisions of our country, as well as promoting the healthy development of the research on human embryonic stem cell. According to the Ethical Guiding Principles, all those engaging in activities concerning the research of human embryonic stem cell within the territory of PRC shall abide by the present Guiding Principles, according to which, any research on reproductive cloning is prohibited, and no human gamete, germ cell, embryo or fetus tissues may be bought or sold. Although our business does not involve the more controversial use of embryonic stem cells, the use of other types of human stem cells for therapy could give rise to similar ethical, legal and social issues as those associated with embryonic stem cells. Additionally, it is possible that our business could be negatively impacted by any stigma associated with the use of embryonic stem cells if the public fails to appreciate the distinction between the use of adult versus embryonic stem cells. The commercial success of our business will depend in part on public acceptance of the use of stem cell therapy, in general, for the prevention or treatment of human diseases. Public attitudes may be influenced by claims that stem cell therapy is unsafe or unnecessary, and stem cell therapy may not gain the acceptance of the public or the medical community. Public pressure or adverse events in the field of stem cell therapy that may occur in the future also may result in greater governmental regulation of our business creating increased expenses and potential regulatory delays relating to the approval or licensing of any or all of the processes and facilities involved in our stem cell banking services. In the event that the use of stem cell therapy becomes the subject of adverse commentary or publicity, our business could be adversely affected and the market price for our common stock could be significantly harmed.

The import into China or export from China of technology relating to stem cell therapy may be prohibited or restricted.

The Ministry of Commerce (MOFCOM) and Ministry of Science and Technology of China (MOST) jointly publish the Catalogue of Technologies the Export of which from China is Prohibited or Restricted, and the Catalogue of Technologies the Import of which into China Prohibited or Restricted. Stem cell related technologies are not listed in the current versions of these catalogues, and therefore their import or export should not be forbidden or require that approval MOFCOM and MOST. However, these catalogues are subject to revision and, as the PRC authorities develop policies concerning stem cell technologies, it is possible that the categories would be amended or updated should the Chinese government want to regulate the export or import of stem cell related technologies to protect material state interests or for other reasons. Should the catalogues be updated so as to bring any activities of the planned stem cell processing, storage and manufacturing operation in Beijing and related research and development activities under their purview, any such limitations or restrictions imposed on the operations and related activities could materially and adversely affect our business, financial condition and results of operations.

Regulations relating to the transfer of state-owned property rights in enterprises may increase the cost of any acquisitions or transactions, and may therefore impose an additional administrative burden on us.

The legislation governing the acquisition of a China state-owned company contains stringent governmental regulations. The transfer of state-owned property rights in enterprises must take place through a government approved “state-owned asset exchange,” and the value of the transferred property rights must be evaluated by those Chinese appraisal firms qualified to do “state-owned assets evaluation.” The final price must not be less than 90.0% of the appraisal price. Additionally, bidding/auction procedures are essential in the event that there is more than one potential transferee. In the case of an acquisition by foreign investors of state-owned enterprises, the acquirer and the seller must make a resettlement plan to properly resettle the employees, and the resettlement plan must be approved by the Employees’ Representative Congress. The seller must pay all unpaid wages and social welfare payments from the existing assets of the target company to the employees. These regulations may adversely affect our ability to acquire a state-owned business or assets.

In the event that our future expansion creates a scenario where certain directors and/or officers will live outside the United States and a significant portion of our assets will be located outside the United States, investors may not be able to enforce federal securities laws or their other legal rights.

Future expansion may require that many of our directors and/or officers will reside outside of the United States, and a substantial portion of our assets may be located outside of the United States. As a result, it may be difficult, or in some cases not possible, for investors in the United States to enforce their legal rights, to effect service of process upon certain of our directors or officers or to enforce judgments of United States courts predicated upon civil liabilities and criminal penalties against our directors and officers pursuant to United States laws.

In the event that our future expansion creates a scenario where most of our assets are located in China, any dividends of proceeds from liquidation is subject to the approval of the relevant Chinese government agencies.

Under the laws governing foreign invested enterprises in China, dividend distribution and liquidation are allowed but subject to special procedures under the relevant laws and rules. Any dividend payment will be subject to the decision of the board of directors and subject to foreign exchange rules governing such repatriation. Any liquidation is subject to both the relevant government agency’s approval and supervision as well the foreign exchange control. This may generate additional risk for our investors in case of dividend payment and liquidation.

We may be subject to fines and legal sanctions imposed by the SAFE or other PRC government authorities if we or our PRC employees fail to comply with recent PRC regulations relating to employee stock options granted by offshore listed companies to PRC citizens.

On April 6, 2007, SAFE issued the “Operating Procedures for Administration of Domestic Individuals Participating in the Employee Stock Ownership Plan or Stock Option Plan of An Overseas Listed Company,” also known as “Circular 78.” It is not clear whether Circular 78 covers all forms of equity compensation plans or only those which provide for the granting of stock options. For any plans which are so covered and are adopted by a non-PRC listed company after April 6, 2007, Circular 78 requires all participants who are PRC citizens to register with and obtain approvals from SAFE prior to their participation in the plan. In addition, Circular 78 also requires PRC citizens to register with SAFE and make the necessary applications and filings if they participated in an overseas listed company’s covered equity compensation plan prior to April 6, 2007. The adoption of the NeoStem, Inc. 2009 Non-U.S. Based Equity Compensation Plan (the “2009 Non-U.S. Plan”) is the subject of NeoStem Proposal No. 7 of this joint proxy statement/prospectus. The 2009 Non-U.S. Plan would authorize the grant of certain equity awards to our officers and directors, some of whom following the Merger are expected to be PRC citizens. Circular 78 may require our officers and directors who receive option grants and are PRC citizens to register with SAFE. We believe that the registration and approval requirements contemplated in Circular 78 will be burdensome and time consuming. If it is determined that any of our equity compensation plans are subject to Circular 78, failure to comply with such provisions may subject us and participants of our equity incentive plan who are PRC citizens to fines and legal sanctions and prevent us from being able to grant equity compensation to our PRC employees. In that case, our ability to compensate our employees and directors through equity compensation would be hindered and our business operations may be adversely affected.

Dividends payable by us to our foreign investors and gain on the sale of our shares may become subject to withholding taxes under the PRC tax laws.

Under the new PRC EIT Law and its implementation regulations issued by the PRC State Council, a 10% withholding tax will be imposed on dividends, interest, royalties and capital gains payable to recipients who are not tax resident of the PRC (in certain cases, the withholding tax rate on outgoing interest has been reduced to 7%, royalties to 6% and dividends to 5%).

It remains unclear how the PRC tax authority will determine the sources of such income in the case of transfer of shares of an offshore company which holds shares/equity interests in a PRC operating company. The PRC tax authorities may invoke the general anti-tax avoidance provisions under the EIT Law to disregard the form and look to the substance of the transactions to determine if the dividends, capital gains and other passive income of tax non-PRC residents are subject to PRC withholding tax.

Therefore, it is unclear whether the dividends we pay with respect to our ordinary shares or the gain a shareholder realizes from the transfer of our ordinary shares, would be treated as income derived from sources within the PRC and be subject to withholding tax under the PRC EIT Law. It is also unclear regarding the method of payment of such tax under the PRC EIT Law. If we are required to deduct PRC withholding tax on our dividends payable to our foreign stockholders, or if PRC withholding tax is payable on the gains realized from the transfer of our ordinary shares, the value of an investment in our shares may be materially and adversely affected.

Failure by our stockholders or beneficial owners who are PRC citizens or residents to comply with certain PRC foreign exchange regulations could restrict our ability to distribute profits, restrict our overseas and cross-border investment activities or subject us to liabilities under PRC laws, which could adversely affect our business and financial condition.

In October 2005, the State Administration of Foreign Exchange, or the SAFE, issued *Notice on Relevant Issues Concerning Foreign Exchange Administration for PRC Residents Engaging in Financing and Roundtrip Investments via Overseas Special Purpose Vehicles*, or SAFE Circular 75. SAFE Circular 75 states that since October of 2005, PRC citizens or residents must register, prior to establishing or controlling an offshore entity, with the SAFE or its local branch in connection with their establishment or control of the offshore entity established or controlled for the purpose of overseas equity financing involving an investment whereby the offshore entity acquires or controls onshore assets or equity interests from the PRC citizens or residents.

In addition, such PRC citizens or residents must update their SAFE registrations when the offshore SPV undergoes material events relating to increases or decreases in investment amount, transfers or exchanges of shares, mergers or divisions, long-term equity or debt investments or external guarantees, or other material events that do not involve return investments. To further clarify the implementation of SAFE Circular 75, on May 29, 2007, the SAFE issued SAFE Circular 106. Under SAFE Circular 106, PRC subsidiaries of an offshore company governed by SAFE Circular 75 are required to coordinate and supervise the filing of SAFE registrations in a timely manner by the offshore holding company's stockholders who are PRC citizens or residents. If these stockholders fail to comply, the PRC subsidiaries are required to report to the local SAFE authorities. Therefore, if any of our stockholders who are PRC citizens or residents do not complete their registration with the SAFE or its local branch, our PRC subsidiaries may be prohibited from distributing their profits and proceeds from any reduction in capital, share transfer or liquidation to us, and we may be restricted in our ability to contribute additional capital to our PRC subsidiaries.

Further, since we are a public company in the United States and our stockholders often hold their shares in street name, we may not be fully aware or informed of the identities of all our beneficial owners who are PRC citizens or residents, and we may not always be able to compel our beneficial owners to comply with the SAFE Circular 75 requirements. As a result, we cannot assure you that all of our stockholders or beneficial owners who are PRC citizens or residents will at all times comply with, or in the future make or obtain any applicable registrations or approvals required by SAFE Circular 75. Failure to register by these stockholders could subject us and our subsidiaries to, among other things, potential fines or legal sanctions.

Failure to comply with the United States Foreign Corrupt Practices Act could subject us to penalties and other adverse consequences.

We are subject to the United States Foreign Corrupt Practices Act, which generally prohibits United States companies from engaging in bribery or other prohibited payments to foreign officials for the purpose of obtaining or retaining business. Foreign companies, including some that may compete with us, are not subject to these prohibitions. Corruption, extortion, bribery, pay-offs, theft and other fraudulent practices occur from time-to-time in the PRC. We can make no assurance, however, that our employees or other agents will not engage in such conduct for which we might be held responsible. If our employees or other agents are found to have engaged in such practices, we could suffer severe penalties and other consequences that may have a material adverse effect on our business, financial condition and results of operations.

Item 9.01. Financial Statements and Exhibits.

(d) Exhibits

- Exhibit 10.1 Consigned Management and Technology Service Agreement dated June 1, 2009 among Qindao Niao Bio-Technology Ltd., NeoStem (China), Inc. and The Shareholder of Qingdao Niao Bio-Technology Ltd.
- Exhibit 10.2 Equity Pledge Agreement dated June 1, 2009 among Qindao Niao Bio-Technology Ltd., NeoStem (China), Inc. and The Shareholder of Qingdao Niao Bio-Technology Ltd.
- Exhibit 10.3 Exclusive Purchase Option Agreement dated June 1, 2009 among Qindao Niao Bio-Technology Ltd., NeoStem (China), Inc. and The Shareholder of Qingdao Niao Bio-Technology Ltd.
- Exhibit 10.4 Loan Agreement dated June 1, 2009 between NeoStem (China), Inc. and The Shareholder of Qingdao Niao Bio-Technology Ltd.
- Exhibit 10.5 Consigned Management and Technology Service Agreement dated June 1, 2009 among Beijing Ruijieao Bio-Technology Ltd., NeoStem (China), Inc. and The Shareholder of Beijing Ruijieao Bio-Technology Ltd.
- Exhibit 10.6 Equity Pledge Agreement dated June 1, 2009 among Beijing Ruijieao Bio-Technology Ltd., NeoStem (China), Inc. and The Shareholder of Beijing Ruijieao Bio-Technology Ltd.
- Exhibit 10.7 Exclusive Purchase Option Agreement dated June 1, 2009 among Beijing Ruijieao Bio-Technology Ltd., NeoStem (China), Inc. and The Shareholder of Beijing Ruijieao Bio-Technology Ltd.
- Exhibit 10.8 Loan Agreement dated June 1, 2009 between NeoStem (China), Inc. and The Shareholder of Beijing Ruijieao Bio-Technology Ltd.

SIGNATURE

Pursuant to the requirements of the Securities Exchange Act of 1934, NeoStem has duly caused this Report to be signed on its behalf by the undersigned hereunto duly authorized.

NEOSTEM, INC.

By: /s/ Catherine M. Vaczy

Name: Catherine M. Vaczy

Title: Vice President and General Counsel

Date: July 10, 2009

Consigned Management and Technology Service Agreement

by and among

Qingdao Niao Bio-Technology Ltd.

NeoStem (China), Inc.

and

The Shareholder of Qingdao Niao Bio-Technology Ltd.

June 1, 2009

Consigned Management and Technology Service Agreement

This Consigned Management and Technology Service Agreement (“this Agreement”) is entered into on June 1, 2009 between the following Parties:

- (1) **Qingdao Niao Bio-Technology Ltd.** (“Party A”) is a limited liability company, duly incorporated in Qingdao City, People’s Republic of China (“PRC”) whose legal address is: Room 501, Unit 2 Building 1, No.17 YinChuanDong Road, Laoshan District, Qingdao City.
- (2) **NeoStem (China), Inc.** (“Party B”), is a wholly foreign owned enterprise (“WFOE”) and duly incorporated under PRC Laws, whose registered address is Room 0425A, Building C, No.6 XiangGangZhong Road, Shinan District, Qingdao City.
- (3) **Sole shareholder of Qingdao Niao Bio-Technology Ltd.** (the “Shareholder”)

Name of the Shareholder	Shareholding Ratio □%□	ID Card No.	Contact Address
Liu Hongbing	100		Room 102, Unit 4 Building 6, No.138 Huaneng Road, Licheng District, Ji’nan City

(Party A, Party B and the Shareholder are referred to collectively in this agreement as the “Parties” or “the Parties”, and individually as “a Party” or “each Party”.)

WHEREAS:

- (1) Party A’s business scope is as follows: the research & development, transfer and consultation of biological cell technology, gene technology and regenerative medical technology (The aforesaid business scope should be operated with relevant permits if such permits are required.);
- (2) Party B’s business scope is the research & development, transfer and technological consultation service of biotech technology, regenerative medical technology and anti-aging technology (excluding the development or application of human stem cell, gene diagnosis and treatment technologies); consultation of economic information; import, export and sales of machines and equipments (the import and export do not involve the goods specifically stipulated in/by state-operated trade, import & export quota license, export quota bidding, export permit, etc.) (The aforesaid business scope should be operated with relevant permits if such permits are required);

- (3) The Parties agree that, Party A consigns Party B to manage all its business and human resources, etc., and engages Party B to provide technology services such as the update and maintenance of internal software and hardware, technology training and technology support;
- (4) The Shareholder holds 100% of equity interests of Party A.

NOW THEREFORE, the Parties hereby agree through friendly negotiation as follows:

Article 1 Definition

- 1.1 “PRC” refers to the People’s Republic of China, for the purpose of this Agreement, excluding the Hong Kong Special Administrative Region, Macao Special Administrative Region and Taiwan Province[]
- 1.2 “PRC Laws” refers to all PRC laws, administrative regulations and government rules in effect;
- 1.3 “RMB” refers to the legal currency within the PRC;
- 1.4 “Party A Staff” refers to the senior management staff of Party A and the manager of each plant;
- 1.5 “Consigned Management and Technology Service Fee” or “Consideration” refers to the consideration as defined in Article 3.1 and paid to Party B by Party A.

Article 2 Contents of Consigned Management and Technology Services

2.1 Contents of Consigned Management Services

2.1.1 Business Management Services

2.1.1.1 Target

Provide services on management and staff training so as to enhance the professional management and eventually promote economic achievement of Party A.

2.1.1.2 Contents

- (1) Training to Party A Staff
 - A. Latest biotech industry knowledge training
 - B. Related operating methods and skills training
 - C. Preserve and maintenance of equipments training
 - D. Management principals and skills training
- (2) Business Management
 - A. Procedure management

- B. Operation and technology management
- C. Equipment management
- D. Field management
- E. Quality management
- F. Sales and Marketing management
- G. Service management

2.1.2 Advertising and Development Services

2.1.2.1 Target

Improve the economic benefits of the Company, ensure the healthy development of the Company, improve the fame of the Company, establish the image of the Company, gain the good reputation, contribute to the public welfare, and expand the popularity of the Company.

2.1.2.2 Contents of Service

(1) Advertising Services

- A. Products planning
- B. Price planning
- E. Sales planning
- F. Advertising planning
- G. Marketing planning
- H. Promotion planning
- I. Public relation planning
- J. Brand planning
- K. Corporate image planning

(2) Development Services

- A. Conduct research on the market and provide suggestions on the selection of location and layout of new businesses;
- B. Conduct research on the impressions of customers, and provide suggestions for perfection of customer services in accordance with the results of that research.
- C. Conduct research on the potential cooperative partners, and provide suggestions for business expansion and cooperation development in accordance with the results of that research.

2.1.3 Human Resources Management Services

2.1.3.1 Target: Achieve the proper distribution of human resources, maintain the stability of the management team, and stimulate the employees to positively work so as to increase the economic achievement.

2.1.3.2 Contents of Service

- (1) Recommend and nominate the candidates of senior management staff of Party A, and Party A shall appoint such candidates in accordance with the requirement of the position;
- (2) Facilitate to perfect the organizational structure to improve the effects of the management;
- (3) Establish the labor management system for Party A, including, but without limitation, employment policies, training, systems of leaves and vocations, overtime working, resignation, demission and etc.;
- (4) Complete the employees' salary system including its senior management staff;
- (5) Facilitate to complete the working effectiveness assessment system of the employees and perfect the salary incentive system;
- (6) Provide training of labor management in the human resources department of Party A;
- (7) Provide consultancy services to Party A in relation to the labor policies and social insurance;
- (8) Facilitate Party A to standardize the management of human resources and establishment of related system.

2.1.4 Internal Control Services

Party B shall assist Party A to establish internal control system and provide the proper suggestions on the following systems:

- (1) Rules for stamp usage
- (2) Rules for receipts and checks
- (3) Rules of budgeting management
- (4) Assets management system
- (5) Quality management system
- (6) Authorization and agency system

2.2 Contents of Technology Services

2.2.1 Select, purchase and update the proper software in accordance with practical requirements of Party A with respect to human resources and business management, etc., and conduct training on the use of such software, and provide relevant consulting services.

2.2.2 Assist with other related systems and software in accordance with the specific requirements of Party A, and the relative costs shall be borne by Party A.

2.2.3 If necessary, seek qualified network service companies to provide services to Party A with respect to its application for the domain name and design of website, assist Party A in communication with the network service company on matters relating to the domain name and website.

2.2.4 Assist with the computers, server and other facilities in accordance with the requirements of Party A.

2.2.5 Make periodic maintenance and necessary update on hardware facilities in accordance with the requirements of Party A.

2.2.6 Conduct technology training of the technical employees of Party A.

(1) Conduct training to Party A for the operation of technologies with regard to latest bio-technologies, regenerative medical technologies, anti-aging technologies, etc.

(2) Conduct training to Party A with regard to research and development of relevant technologies.

(3) Strengthen the training of Party A's staff to use new apparatus and equipments, quickly apply the new equipments into research and operation, and improve the capacity and efficiency.

2.2.7 In the event of occurrence of technical problems of Party A, Party B shall designate relevant staff to perform on-site research for assisting Party A to resolve such problems if necessary.

2.2.8 Party B shall be the sole and exclusive owner of all rights, title, interests and intellectual property rights arising from the performance of this Agreement (including but not limited to, any copyrights, patent, know-how, commercial secrets and otherwise), regardless developed independently by Party B or by Party A based on Party B's intellectual property or by Party B based on Party A's intellectual property. Party A shall not claim against Party B on any rights, ownership, interests or intellectual property.

If such development is conducted on the basis of Party A's intellectual property, Party A shall ensure that such intellectual property is clear and free from any lien or encumbrance or license, or Party A shall indemnify Party B any and all damages incurred thereby. In case Party B shall be liable to any third party by reason thereof, Party B shall be compensated in full by Party A as long as Party B has compensated the third party.

Article 3 Consigned Management and Technology Service Fee

3.1 Party A shall pay the Consigned Management and Technology Service Fee, equal to 51-90% of its total annual after-tax profit on a yearly basis as the Consideration of services provided Party B as set forth in Article 2 hereunder.

3.2 Party A shall pay to Party B the year's Consigned Management and Technology Service Fee before each calendar day of December 31st.

3.3 Whereas the daily business operations of Party A shall bear a material impact on its capacity to make the payments due to Party B, the Shareholders of Party A jointly agree that they will immediately and unconditionally pay or transfer to Party B any bonus, dividends or any other incomes or benefits (regardless of the forms) obtained from Party A as the shareholders of Party A at the time when such payables occur and provide all necessary documents or take all necessary actions required by Party B to realize such payment or transfer .

3.4 Party B shall be entitled to request Party A in writing to adjust the Consideration in accordance with the quantity and quality of the consigned services. The Parties shall positively negotiate with each other in respect of the Consigned Management and Technology Service Fee, and Party A shall agree with such adjustment.

Article 4 Warranties and Undertakings by Party A

4.1 Within the term of this Agreement, Party B shall be the entity exclusively consigned by Party A to provide the services as set forth in Article 2 hereunder, and Party A shall not consign any other entities to provide to Party A any services same as or similar with those services provided in Article 2 hereunder.

4.2 Without the prior written consent by Party B, Party A shall not change its business target.

4.3 Without the prior written consent by Party B, Party A shall not change its rules and policies regarding the business operation, management, human resources and finance.

4.4 Without the prior written consent by Party B, Party A shall not change its internal control system.

4.5 Without the prior written consent by Party B, Party A shall not change its internal organization.

4.6 Without the prior written consent by Party B, Party A shall not replace any senior management staff itself.

4.7 Party A shall provide Party B information regarding the business operation, management and finance of Party A.

4.8 Party A shall promptly and proactively notify Party B of any matters that adversely affect Party A.

4.9 Party A shall give full cooperation to Party B, and provide assistance and convenience to Party B for its on-site working, and shall not hinder Party B to provide services as set forth in Article 2 hereunder.

4.10 Party A shall promptly make full payment of Consigned Management and Technology Service Fee to Party B in accordance with the provisions hereunder.

4.11 Without the prior written consent by Party B, Party A shall not take any action that would materially affect Party B's rights and interests hereunder.

Article 5 Warrants and Undertakings by Party B

5.1 Party B shall take advantage of its capacity and resources to provide the services as stipulated in Article 2 hereunder.

5.2 Party B shall timely adjust and improve the services in accordance with the practical request from Party A.

5.3 In the event that Party B proposes to provide services to any other entities engaged in similar business as Party A, it shall give prior notice to Party A and strictly keep the confidential information obtained during the course of providing services to Party A .

5.4 Party B shall accept any reasonable suggestions from Party A during the course of providing services to Party A.

Article 6 Guaranty for this Agreement

6.1 To secure the performance of the obligations assumed by Party A hereunder, Shareholder agree to pledge all their equity interests in Party A to Party B, and the Parties agree to execute the Equity Pledge Agreement with respect thereto.

Article 7 Taxes and Expenses

7.1 The Parties shall pay, in accordance with relevant PRC laws and regulations, their respective taxes and fees arising from the execution and performance of this Agreement.

Article 8 Assignment of the Agreement

8.1 Party A shall not transfer part or all its rights and obligations under this Agreement to any third party without the prior written consent of Party B.

8.2 The Parties agree that Party B shall be entitled to transfer, at its own discretion, any or all of its rights and obligations under this Agreement to any third party upon a six (6) –day written notice to Party A.

Article 9 Liability of Breach

9.1 If Party A fails to duly pay the Consigned Management and Technology Service Fee in accordance with the provisions of Article 3 hereunder, then Party A shall pay the liquidated damage per day equal to 0.03% of the unpaid Consideration which falls due; if any delay of payment amounts to sixty (60) days, then Party B shall be entitled to exercise the right of pledge under the Equity Pledge Agreement.

9.2 If Party A violates its representations and warranties hereunder and fails to redress such violation within sixty (60) days upon receipt of written notice from Party B, Party B shall be entitled to exercise the right of pledge under the Equity Pledge Agreement.

9.3 If Party B is in non-performance, or incomplete performance of this Agreement, or is otherwise in default of any of its representations and warranties hereunder, Party A shall be entitled to request Party B to redress its default.

Article 10 Effect, Modification and Cancellation

10.1 This Agreement shall take effect on the day of execution hereof, and the valid term hereof shall be expired upon the day of completion of the acquisition of all or the substantial part of assets or the equity of Party A by Party B or its designated third party.

10.2 The modification of this Agreement shall not be effective without written agreement of the Parties through negotiation. If the Parties could not reach an agreement, this Agreement remains effective.

10.3 This Agreement shall not be discharged or canceled without written agreement of the Parties through negotiation, provided Party B may, by giving a thirty (30)-day prior notice to the other Parties hereto, terminate this Agreement.

Article 11 Confidentiality

11.1 Any information, documents, data and all other materials (herein “Confidential Information”) arising out of the negotiation, signing, content and implementing of this Agreement, shall be kept in strict confidentiality by the Parties. Without the written approval by the other Parties, none of the Parties shall disclose to any third party any confidential information, but the following shall not be considered to be “confidential information”:

(1) The materials that are known by the general public (but not include the materials disclosed by a Party receiving the materials in breach of this Agreement);

(2) The materials required to be disclosed subject to the applicable laws or the rules or provisions of any stock exchange; or

(3) The materials disclosed by each Party to its legal or financial consultants relating the transactions under this Agreement, provided the legal or financial consultants shall comply with the confidentiality set forth in this Section. The disclosure of the Confidential Information by staff or employed institution of any Party shall be deemed as the disclosure of Confidential Information by such Party, and such Party shall bear the liabilities for breaching the contract.

11.2 If this Agreement is terminated or becomes invalid or unenforceable, the validity and enforceability of Article 11 shall not be affected or impaired.

Article 12 Force Majeure

12.1 "Force Majeure" refers to any event that could not be foreseen, and could not be avoided and overcome, which includes among other things, but without limitation, acts of nature (such as earthquake, flood or fire), governmental acts, strikes or riots.

12.2 If an event of force majeure occurs, any of the Parties who is prevented from performing its obligations under this Agreement by an event of force majeure shall notify the other Party without delay and within fifteen (15) days of the event provide detailed information about and notarized documents evidencing the event and take appropriate means to minimize or remove the negative effects of force majeure on the other Parties, and shall not assume the liabilities for breaching this Agreement. The Parties shall keep on performing this Agreement after the event of force majeure disappears.

Article 13 Governing Law and Dispute Resolution

13.1 The effectiveness, interpretation, implementation and dispute-resolution related to this Agreement shall be governed under the PRC Laws.

13.2 Any dispute arising out of this Agreement shall be resolved by the Parties through friendly negotiation. If the Parties could not reach an agreement within thirty (30) days since the dispute is brought forward, each Party may submit the dispute to Qingdao Arbitration Commission for arbitration under its applicable rules. The arbitration award should be final and binding upon the Parties.

13.3 During the process of dispute-resolution, the Parties shall continue to perform other terms under this Agreement, except for provisions subject to dispute resolution.

Article 14 Miscellaneous

14.1 The Parties acknowledge that this Agreement constitutes the entire agreement of the Parties with respect to the subject matters therein and supersedes and replaces all prior or contemporaneous oral or written agreements and understandings.

14.2 This Agreement shall bind and benefit the successor of each Party and the transferee permitted hereunder with the same rights and obligations as if such successor or transferee were an original party hereof.

14.3 Any notice required to be given or delivered to the Parties hereunder shall be in writing and delivered to the address as indicated below or such other address or as such party may designate, in writing, from time to time. All notices shall be deemed to have been given or delivered upon by personal delivery, fax and registered mail. It shall be deemed to be delivered upon: (1) registered air mail: five (5) business days after deposit in the mail; (2) personal delivery and fax: the next business day after transmission. If the notice is delivered by fax, it should be confirmed by original through registered air mail or personal delivery:

Party A:

Contact person: Liu Hongbing

Address: Room 501, Unit 2 Building 1, No.17 YinChuanDong Road, Laoshan District, Qingdao City.

Tel:

Fax:

Party B:

Contact person: Robin Smith

Address:

Tel:

Fax:

The Shareholder

Contact person: Liu Hongbing

Address: Room 102, Unit 4 Building 6, No.138 Huaneng Road, Licheng District, Ji'nan City

Tel:

Fax:

14.4 This Agreement is executed in three (3) originals with each Party holding one original, and each of the originals shall be equally valid and authentic.

14.5 Whenever the consent of Party B is required under this Agreement, such consent shall not be effective unless such consent is also provided by either the sole shareholder, or the Executive Director, of Party B.

IN WITNESS WHEREOF, the Parties hereto have caused this Agreement to be executed and delivered as of the date first written above.

Party A Qingdao Niao Bio-Technology Ltd.

Legal Representative: Liu Hongbing
Signature and Company seal:
/s/ Liu Hongbing

Party B NeoStem (China), Inc.

Legal Representative: Robin Smith
Signature and Company Seal:
/s/ Robin Smith

The Shareholder of Qingdao Niao Bio-Technology Ltd.

Name of the Shareholder	Signature
Liu Hongbing	/s/ Liu Hongbing

Equity Pledge Agreement

By and among

The Shareholder of Qingdao Niao Bio-Technology Ltd.

Qingdao Niao Bio-Technology Ltd.

and

NeoStem (China), Inc.

June 1, 2009

EQUITY PLEDGE AGREEMENT

THIS EQUITY PLEDGE AGREEMENT (hereinafter referred to as “this Agreement”) is executed by the following parties on June 1, 2009 in Qingdao City, the People’s Republic of China (the “PRC”):

(1) Sole shareholder of Qingdao Niao Bio-Technology Ltd. (hereinafter as “Party A” or “Pledgor”)

Name of the Shareholder	Shareholding Ratio □%□	ID Card No.	Contact Address
Liu Hongbing	100		Room 102, Unit 4 Building 6, No.138 Huaneng Road, Licheng District, Ji’nan City

(2) NeoStem (China), Inc. (hereinafter as “Party B” or “Pledgee”)

Registered Address: Room 0425A, Building C, No.6 XiangGangZhong Road, Shinan District, Qingdao City
Legal Representative: Robin Smith

(3) Qingdao Niao Bio-Technology Ltd. (hereinafter as “Party C” or the “Company”)

Registered Address: Room 501, Unit 2 Building 1, No.17 YinChuanDong Road, Laoshan District, Qingdao City
Legal Representative: Liu Hongbing

(Pledgor, Pledgee and the Company may be collectively called the “Parties” and individually as “Each Party”.)

WHEREAS,

1. The Company is a domestic company incorporated and validly existing under PRC Laws, and its business license No. is 370212230011070
2. The Pledgor, the PRC citizen□legally holds 100% Equity Interests in the Company;
3. The Pledgee, as a wholly foreign-owned enterprise, was duly incorporated and validly existing under the PRC Laws;

4. Party B signed a consigned management and technology service agreement (the “Consigned Management and Technology Service Agreement”) on June 1, 2009 with Party C and Party A, and Party A agrees to pledge all his equities in Party C to Party B as a guaranty for the performance of the obligations thereunder.
5. The Parties signed an exclusive purchase option agreement (the “Exclusive Purchase Option Agreement”) on June 1, 2009, and the Parties thereto agree that Party A shall pledge all his equities in Party C to Party B as a guaranty of the performance of the obligations assumed by Party A and Party C thereunder.
6. Party A and Party B signed a loan agreement (the “Loan Agreement”) on June 1, 2009, and the Party A agrees to pledge all his equities in Party C to Party B as a guaranty of the performance of the obligations thereunder.

NOW THEREFORE, the Parties, through friendly negotiations, hereby enter into this Agreement with respect to the equity pledge.

1. Definitions and Interpretation

Unless otherwise provided in this Agreement, the following terms shall have the following meanings:

- 1.1 “PRC” refers to the People’s Republic of China, excluding the HongKong Special Administrative Region, Macao Special Administrative Region and Taiwan Province;
- 1.2 “PRC Laws” refers to all PRC laws, administrative regulations and government rules in effect;
- 1.3 “Pledged Equity” refers to all the equity in the Company as provided in Article2.1;
- 1.4 “Main Agreements” refers to the Loan Agreement, Consigned Management and Technology Service Agreement and Exclusive Purchase Option Agreement and the Appendixes thereof (if applicable);
- 1.5 “Right of Pledge” refers to the right owned by the Pledgee to be first compensated from the money converted from or the proceeds from the auction or sale of the Pledged Equity by the Pledgor to the Pledgee in the event of default of Pledgor and/or Party C, and such right shall cause the Pledgee to be entitled to the bonus arising from Pledged Equity;

- 1.6 “AICB” refers to the competent Administration Bureau of Industry and Commerce which is authorized in accordance with PRC Laws to register the Pledged Equity hereunder;
- 1.7 “Event of Default” refers to the event as defined in Article 8 hereunder.
- 1.8 “Business Day” refers to any day except Saturday, Sunday and other public holidays as permitted by PRC Laws;

2. Equity Pledge

- 2.1 The Parties agree that Pledgor shall pledge all his Equities in the Company to the Pledgee as a guaranty for the performance of the obligations assumed by the Pledgor and/or the Company under each of the Main Agreements.
- 2.2 In case the Pledgor increase the registered capital in the Company during the term of this Agreement, such increased capital shall be equally deemed as the Pledged Equity.
- 2.3 In case any act conducted by the Pledgor or the Company may cause the Right of Pledge damaged so as to harm the interests of the Pledgee, the Pledgee is entitled to require the Pledged Equity to be auctioned or sold in advance and the proceeds from such auction or sale shall be used to discharge the debt secured by the Pledged Equity in advance.

3. Registration of Pledge

- 3.1 Upon the execution of this Agreement, the Pledgor shall cause the Company to record the Right of Pledge in the register of shareholders and deliver it with the common seal of the Company as well as the original of equity contribution certificate of the Pledgor to the Pledgee for keeping. Within the term of this Agreement, Party B shall return the register of shareholders and equity contribution certificate to the Company for modification registration with AICB, and the Company shall complete the modification registration within 10 business days upon receipt of the register of shareholders and equity contribution certificate, and Party A together with the Company shall continue to deliver such modified register of shareholders and equity contribution certificate to Party B within 2 business days following the completion of the aforesaid registration.
- 3.2 The Parties agree that if AICB accept the registration with respect to the equity pledge, he will promptly cause the Pledged Equity under this Agreement to be recorded at AICB, and the Parties confirm that whether the Pledged Equity is recorded as above or not shall not affect the validity of this Agreement unless compulsorily required by PRC Laws.

3.3 After the signing of this Agreement, the Pledgor shall in accordance with the Pledgee's written request which may be made by the Pledgee from time to time, together with the Pledgee, notarized this agreement as well as the register of shareholders with the recorded Pledged Equity in a notary public office as designated by the Pledgee, and Party A and the Company shall give assistance with respect to the notarization following the delivery of the notice with the request of notarization by Party B.

4. Representations and Warranties

4.1 Each Party under this Agreement represents and warrants to other Parties that: (1) it has relevant power, rights and authorizations for the execution hereof, and performance of the obligations hereunder;
(2) the execution and performance of this Agreement shall not violate or conflict with any of the terms and conditions of other agreements signed between the Parties.

4.2 The Pledgor represent and warrant to the Pledgee that:
(1) he is the legal owner of the Pledged Equity, and have fulfilled the obligations of capital contribution in the registered capital of the Company;
(2) except for the Right of Pledge as setup hereunder, the Pledged Equity is not subject to any pledge, guaranty or other form of encumbrances;
(3) he does not or will not transfer the Pledged Equity to any third party or make any agreements, whether oral or written, with respect to the transfer of Pledged Equity.

4.3 The Company agrees to undertake the joint liability with respect to the representations and warrants made by the Pledgor.

5. Obligations of Pledgor

5.1 The dividend and bonus arising from the Pledged Equity shall be deposited in an escrow account for the supervision of the Pledgee.

5.2 Apart from the encumbrance set forth hereunder and under the Exclusive Purchase Option Agreement, without the Pledgee's prior written consent, the Pledgor shall not sell, transfer, mortgage or otherwise dispose of the Pledged Equity, nor shall place encumbrances on such Pledged Equity;

5.3 Without the Pledgee's prior written consent, the Pledgor shall not supplement or amend the articles of association of the Company in any manner, nor shall it increase or decrease the registered capital or change the shareholding structure of the Company in any manner;

- 5.4 The Pledgor shall not approve for the resolutions on the dissolution, liquidation and change of legal form of the Company;
- 5.5 The Pledgor shall not approve for any Profit Distribution Proposal, nor shall accept such distributed dividend without the Pledgee's prior written consent; At the Pledgee's request, it shall promptly approve for the Profit Distribution Proposal, and accept such distributed dividend;
- 5.6 At the Pledgee's request, the Pledgor shall provide the Pledgee with all information regarding the business operation and financial condition of the Company;
- 5.7 The Pledgor shall not incur or succeed to any debts or liabilities which may adversely affect his equity interests in the Company without the Pledgee's prior written consent;
- 5.8 The Pledgor shall appoint, and appoint only, the candidates nominated by the Pledgee to be the executive director of the Company, and shall not replace such candidates without the Pledgee's prior written consent;
- 5.9 The Pledgor shall not approve any acquisition of, any consolidation with, or any investment in any third party without the Pledgee's prior written consent;
- 5.10 The Pledgor shall promptly notify the Pledgee of any pending or threatened lawsuit, arbitration or administrative dispute which involve the assets, business or incomes of the Company, and take positive measures against aforesaid lawsuits, arbitrations or administrative dispute;
- 5.11 The Pledgor shall not commit any conducts or omissions that may adversely affect the assets, business operation, the debts and liabilities of the Company without the Pledgee's prior written consent;
- 5.12 To the extent permitted by the PRC laws and regulations, and at any time upon Pledgee's request, the Pledgor shall promptly and unconditionally transfer his equity interests of the Company to Pledgee or its designated third party in accordance with the Exclusive Purchase Option Agreement;
- 5.13 The Pledgor shall approve for the resolution in respect of the Equity Transfer or Assets Transfer hereunder within the extent permitted by the PRC laws;
- 5.14 The Pledgor shall make every efforts to cause the Company perform the obligations of Article 6 hereunder;

- 5.15 The Pledgor shall, to the extent permitted by applicable laws, cause the business term of Party C (including the circumstance of change of business terms) not shorter than that of Party B(including the circumstance of change of business terms);
- 5.16 The Pledgor shall strictly comply with the provisions of this Agreement, and effectively perform its obligations hereunder, and shall be prohibited from committing any act or omission which may affect the validity or enforceability of this Agreement.
- 5.17 The Pledgor hereby authorizes the Pledgee to exercise all the shareholder's rights as the Party C's shareholder within the scope permitted by the PRC laws and articles of association of Party C on behalf of the Pledgor, including the voting right and decision right in Party C.

6. Obligations of the Company

- 6.1 Without the Pledgee's prior written consent, it shall not supplement or amend the articles of association or rules of the Company in any manner, nor shall it increase or decrease the registered capital or change the shareholding structure of aforesaid entities in any manner;
- 6.2 It shall prudently and effectively maintain its business operations according to good financial and business standards so as to maintain or increase the value of its assets;
- 6.3 Unless as required necessary for the business operation of the Company or upon the prior written consent by Party B , it shall not transfer, mortgage or otherwise dispose of the lawful rights and interests to and in its assets or incomes, nor shall it encumber its assets and income in any way that would affect the Pledgee's security interests hereunder;
- 6.4 It shall not incur or succeed to any debts or liabilities unless as required necessary for the business operation of the Company or upon the prior written consent by Party B;
- 6.5 Without the Pledgee's prior written consent, it shall not enter into or materially amend any material contract (exceeding RMB100,000 in value), except for the routine business contracts;
- 6.6 Without the Pledgee's prior written consent, it shall not provide any loans or guaranty to any third party;

- 6.7 At the Pledgee's request, it shall provide the Pledgee with all information regarding its business operation and financial condition;
- 6.8 The Company shall purchase insurance from insurance companies acceptable to the Pledgee in such amounts and of such kinds as are customary in the region among companies doing similar business and having similar assets;
- 6.9 Without the Pledgee's prior written consent, it shall not acquire or consolidate with any third party, nor shall they invest in any third party;
- 6.10 It shall promptly notify the Pledgee of any pending or threatened lawsuit, arbitration or administrative dispute which involve its assets, business or incomes, and take positive measures against aforesaid lawsuits, arbitrations or administrative dispute;
- 6.11 Without the Pledgee's prior written consent, it shall not distribute any dividends to the Pledgor in any manner, and at the Pledgee's request, it shall promptly distribute all distributable dividends to the Pledgor.
- 6.12 Without the Pledgee's prior written consent, it shall not commit any act or omission that would materially affect its assets, business or liabilities;

7. Exercise of Right of Pledge

- 7.1 The Pledgee may exercise the Right of Pledge at any time following the delivery of Notice of Default as provided in Article 8.2 to the Pledgor.
- 7.2 The Pledgee is entitled to be first compensated with the money converted from or the proceeds from auction or sale of all or part of Pledged Equity in accordance with legal proceedings unless the Pledgor has duly and completely performed the obligations under Main Agreements.
- 7.3 Within the term of this Agreement, If the Pledged Equity hereunder is subjected to any compulsory measures implemented by a court or other departments due to the Pledgor' failing to repay the debts which fall due or violation of PRC Laws or state policies etc., the Pledgor shall,
 - (1) notify the Pledgee in written form of such compulsory measures within three (3) days following its occurrence;
 - (2) use all efforts (including but not limited to provide other security to the court or other government authorities), in order to dismiss the compulsory measures taken by the court or other government authorities over the Pledged Equity.
- 7.4 The Pledgor shall not hinder the Pledgee from exercising the Right of Pledge and shall give necessary assistance so that the Pledgee could realize its Right of Pledge.

8. Event of Default

8.1 The following events shall be regarded as the Events of Default:

8.1.1 Any Party breaches any of the representations or warranties hereunder;

8.1.2 The Pledgor and/or the Company breache(s) any of the representations or warranties under the Main Agreements;

8.1.3 The Pledgor and/or the Company fail(s) to duly and completely perform the obligations hereunder;

8.1.4 The Pledgor and/or the Company fail(s) to duly and completely perform the obligations under the Main Agreements;

8.1.5 Any other external borrowing, guaranty, compensation or other liabilities of the Pledgor: (1) is required for an early repayment or performance prior to the scheduled date due to any breach by the Pledgor; or (2) is due but can not be repaid or perform as scheduled, which , at the discretion of the Pledgee, has an adverse effect on the Pledgor' ability of performing the obligations under this Agreement;

8.1.6 The properties owned by Pledgor have significant adverse changes, which, at the discretion of Pledgee, has an adverse effect on Pledgor's ability of performing the obligations under this Agreement;

8.2 Unless the Pledgor takes the action to Pledgee's satisfaction to remedy the defaults as listed in Article 8.1 hereof, the Pledgee may give a written notice about default ("Notice of Default") to the Pledgor when such default occurs or at any time thereafter.

9. Taxes and Expenses

9.1 The Parties shall pay, in accordance with relevant PRC laws and regulations, their respective taxes and expenses arising from the execution and performance of this Agreement.

10. Assignment

10.1 The Pledgor shall not transfer part or all of the rights and obligations under this Agreement without prior written consent from the Pledgee.

- 10.2 To the extent being permitted by law, the Pledgee shall have the right to transfer any or all of its rights and obligations under this Agreement to any third party upon a six (6) –day written notice to the Pledgor or the Company without its approval.

11. Effectiveness Modification and Cancellation

- 11.1 This Agreement shall be executed on the date set forth in the first page and shall become effective on the day on which the Pledged Equity is recorded on the register of the shareholders.
- 11.2 The modification of this Agreement shall not be effective without written agreement through negotiation. If the Parties could not reach an agreement, this Agreement remains effective.
- 11.3 This Agreement shall not be discharged or canceled without written agreement through negotiation.

12. Confidentiality

- 12.1 Any information, documents, data and all other materials (herein “Confidential Information”) arising out of the negotiation, signing, and implement of this Agreement, shall be kept in strict confidence by the Parties. Without the written approval by the other Parties, any Party shall not disclose to any third party any Confidential Information, but the following circumstances shall be excluded:
- a. The materials that is known by the Public (but not include the materials disclosed by each Party receiving the Confidential Information);
 - b. The materials required to be disclosed subject to the applicable laws or the rules or provisions of stock exchange; or
 - c. The materials disclosed by each Party to its legal or financial consultant relating the transaction of this Agreement, and this legal or financial consultant shall comply with the confidentiality set forth in this Section. The disclosure of the Confidential Information by staff or employed institution of any Party shall be deemed as the disclosure of such Confidential Information by such Party, and such Party shall bear the liabilities for breaching the contract.
- 12.2 This Clause shall survive whatever this Agreement is invalid, amended, revoked, terminated or unable to implement by any reason.

13. Force Majeure

- 13.1 An event of force majeure means an event that could not be foreseen, and could not be avoided and overcome, which includes among other things, but without limitation, acts of nature (such as earthquake, flood or fire), government acts, strikes or riots;
- 13.2 If an event of force majeure occurs, any of the Parties who is prevented from performing its obligations under this Agreement by an event of force majeure shall notify the other Parties without delay and within fifteen (15) days of the event provide detailed information about and notarized documents evidencing the event and take appropriate means to minimize or remove the negative effects of force majeure on the other Parties, and shall not assume the liabilities for breaching this Agreement. The Parties shall keep on performing this Agreement after the event of force majeure disappears.

14. Applicable Law and Dispute Resolution

- 14.1 The execution, validity, construing and performance of this Agreement and the disputes resolution under this Agreement shall be governed by the laws and regulations of the PRC.
- 14.2 The Parties shall strive to settle any dispute arising from or in connection with this Agreement through friendly consultation. In case no settlement can be reached through consultation within thirty (30) days after such dispute is raised, each Party can submit such matter to Qingdao Arbitration Commission for arbitration in accordance with its rules. The arbitration award shall be final conclusive and binding upon the Parties.
- 14.3 During the process of dispute-resolution, the Parties shall continue to perform other terms under this Agreement, except for provisions subject to the dispute resolution.

15. Miscellaneous

- 15.1 Entire Agreement

The Parties acknowledge that this Agreement constitutes the entire agreement of the Parties with respect to the subject matters therein and supersedes and replaces all prior or contemporaneous oral or written agreements and understandings.

- 15.2 Successor

This Agreement shall bind and benefit the successor of each Party and the transferee permitted hereunder with the same rights and obligations as if the original parties hereof.

15.3 Notice

Any notice required to be given or delivered to the Parties hereunder shall be in writing and delivered to the address as indicated below or such other address or as such party may designate, in writing, from time to time. All notices shall be deemed to have been given or delivered upon by personal delivery, fax and registered mail. It shall be deemed to be delivered upon: (1) registered air mail: 5 business days after deposit in the mail; (2) personal delivery or delivery by fax: the next business day after transmission. If the notice is delivered by fax, it should be confirmed by original through registered air mail or personal delivery.

Party A

Contact person: Liu Hongbing
Address: Room 102, Unit 4 Building 6, No.138 Huaneng Road,
Licheng District, Ji'nan City
Tel:
Fax:

Party B

Contact person: Robin Smith
Address:
Tel:
Fax:

Party C

Contact person: Liu Hongbing
Address: Room 501, Unit 2 Building 1, No.17 YinChuanDong
Road, Laoshan District, Qingdao City
Tel:
Fax:

15.4 This Agreement is executed in three (3) originals with each Party holding one original, and each of the originals shall be equally valid and authentic.

15.6 Whenever the consent of the Pledgee is required under this Agreement, such consent shall not be effective unless such consent is also provided by either the sole shareholder, or the Executive Director, of the Pledgee.

[Signature page follows]

Equity Pledge Agreement

IN WITNESS WHEREOF, each party has caused this Agreement to be executed and delivered as of the date first above written.

Party A The Shareholder of Qingdao Niao Bio-Technology Ltd. (“Pledgor”)

Name of the Shareholder	Signature
Liu Hongbing	/s/ Liu Hongbing

Party B NeoStem (China), Inc. (“Pledgee”)

Legal Representative: Robin Smith
Signature and Company Seal:
/s/ Robin Smith

Party C Qingdao Niao Bio-Technology Ltd. (“Company”)

Legal Representative: Liu Hongbing
Signature and Company seal:
/s/ Liu Hongbing

EXCLUSIVE PURCHASE OPTION AGREEMENT

by and among

NEOSTEM (CHINA), INC.

QINGDAO NIAO BIO-TECHNOLOGY LTD.

and

THE SHAREHOLDER OF QINGDAO NIAO BIO-TECHNOLOGY LTD.

June 1, 2009

EXCLUSIVE PURCHASE OPTION AGREEMENT

This Exclusive Option Purchase Agreement (the "Agreement") is executed by the following parties on June 1, 2009 in Qingdao City, the People's Republic of China.

(1) NeoStem (China), Inc. ("Party A")

Registered Address: Room 0425A, Building C, No.6 XiangGangZhong Road, Shinan District, Qingdao City

Legal representative: Robin Smith

(2) Qingdao Niao Bio-Technology Ltd. ("Party B")

Registered Address: Room 501, Unit 2 Building 1, No.17 YinChuanDong Road, Laoshan District, Qingdao City

Legal representative: Liu Hongbing

(3) Sole shareholder of Qingdao Niao Bio-Technology Ltd.

(hereinafter called the "Shareholder")

Name of the Shareholder	Shareholding Ratio □% □	ID Card No.	Contact Address
Liu Hongbing	100		Room 102, Unit 4 Building 6, No.138 Huaneng Road, Licheng District, Ji'nan City

Party A, Party B, and the Shareholder of Party B are hereinafter from time to time, collectively, referred to as the "**Parties**", and each of them is hereinafter from time to time referred to as a "**Party**". The equity interests in Party B held by the Shareholder now existing or hereafter acquired is hereinafter from time to time referred to as the "**Equity Interests**" or "**Equity**".

WHEREAS:

1. Party A, a wholly foreign-owned enterprise incorporated under the laws of the People's Republic of China (the "**PRC**"), which engages the research & development, transfer and technological consultation service of biotech technology, regenerative medical technology and anti-aging technology (excluding the development or application of human stem cell, gene diagnosis and treatment technologies); consultation of economic information; import, export and sales of machines and equipments (the import and export do not involve the goods specifically stipulated in/by state-operated trade, import & export quota license, export quota bidding, export permit, etc.) (The aforesaid business scope should be operated with relevant permits if such permits are required).
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Exclusive Purchase Option Agreement

2. Party B, as a domestic limited liability company, incorporated under PRC laws in Qingdao, and licensed by Qingdao Administration for Industry and Commerce, it engages in the research & development, transfer and consultation of biological cell technology, gene technology and regenerative medical technology (The aforesaid business scope should be operated with relevant permits if such permits are required).
3. As of the date of this Agreement, the percentage ownership of the Equity Interests in Party B held by the Shareholder shall be set forth as described above.
4. To secure the performance of the obligations assumed by Party B and the Shareholder under this Agreement, the Shareholder agrees to pledge all their equity in Party B to Party A, and has executed Equity Pledge Agreement on June 1, 2009 with respect thereto (the "**Equity Pledge Agreement**").

NOW, THEREFORE, the Parties through mutual negotiations hereby enter into this Agreement with respect of the exclusive purchase option right:

1. THE GRANT AND EXERCISE OF PURCHASE OPTION

- 1.1 The Shareholder hereby irrevocably grants to Party A an exclusive purchase right at any time, or designate any third party to purchase all or part of the Shareholder' Equity Interests in Party B, provided permitted under the PRC laws and regulations and Party B agrees to such grant by the Shareholder to Party A. Apart from Party A or any third party designated by Party A, no other person shall have the right to purchase such Equity Interests. The Shareholder shall transfer his Equity Interests in Party B to Party A provided Party A selects to purchase the Shareholder' Equity Interests.

- 1.2 Party B hereby irrevocably grants to Party A an exclusive purchase option, at any time to acquire all or a substantial part of Party B's assets, provided permitted under the PRC laws and regulations and the Shareholder agrees to such grant by Party B to Party A.

- 1.3 For the purpose of this Agreement, a "third party" or a "person" may be a natural person, company, partnership, enterprise, trust agency or other non-corporate entity.

- 1.4 To the extent permitted under the PRC laws and regulations, Party A shall determine at any time and at its own option to exercise such exclusive right to (i) purchase the Equity Interests as provided in Section 1.1 by written notice to the applicable Shareholder(s) specifying the amount of equity to be purchased and the identity of the purchaser (hereinafter referred to as "**Equity Transfer**") or (ii) purchase all or substantially all of Party B's assets as provided in Section 1.2 (hereinafter referred to as "**Assets Transfer**") by written notice to Party B (each an "**Exercise Notice**"). Each Exercise Notice shall be signed by either the sole shareholder, or the Executive Director, of Party A.

1.5 Within thirty (30) days of the receipt of the Exercise Notice, the applicable Shareholder and Party B shall execute a share/asset transfer agreement and other documents (collectively, the "**Transfer Documents**") necessary to effect the respective transfer of equity or assets to Party A (or any eligible party designated by Party A), and shall unconditionally assist Party A to obtain all approvals, permits, registrations, filings and other procedures necessary to effect the Equity or Assets Transfer.

1.6 Unless otherwise required under the PRC laws and regulations, the transaction price for the Equity Transfer or the Assets Transfer hereunder, as applicable, shall be the lowest price permitted under the PRC laws and regulations.

1.7 The consideration after tax payment (the "Consideration of Equity Transfer") obtained by the Shareholder from Equity Transfer in Party B hereunder shall be used to satisfy their repayment obligations under the Loan Agreement dated as of June 1, 2009, signed by and between, Party A and the Shareholder (the "Loan Agreement");

The consideration after tax payment (the "Consideration of Assets Transfer") by the Party B, if as applicable, from Assets Transfer hereunder shall be allocated to the Shareholder, to the largest extent as permitted by PRC laws and regulations, through profit allocation proposal and fulfill their payment obligations under the Loan Agreement, and Party B shall give full cooperation;

And if the Consideration of Equity Transfer or Assets Transfer is higher than the total principal under the Loan Agreement due to the requirement by the applicable law or any other reasons, the excess shall be deemed as loan interests and/or utilizing fees of the Loan to the largest extent being permitted by PRC Laws, and be paid to Party A by the Shareholder together with loan principal.

2. REPRESENTATIONS AND WARRANTIES

2.1 Each Party hereto represents to the other Parties that: (1) it has all the necessary rights, powers and authorizations to enter into this Agreement and perform its duties and obligations hereunder; and (2) the execution or performance of this Agreement shall not violate or conflict with the terms of any other contracts or agreements to which it is a party.

2.2 The Shareholder hereby represents to Party A that: (1) the Shareholder is the legally registered shareholder of party B and has paid full amount of registered capital in Party B as required to be contributed by the Shareholder under the PRC laws and regulations; (2) except for the Equity Pledge Agreement executed among the Parties, the Shareholder has not created any other mortgage, pledge, secured interests or other form of debt liabilities over the Equity Interests held by the Shareholder; and (3) the Shareholder has not transfer to any third party (and entered into any agreement in respect of) such Equity Interests.

2.3 Party B hereto represents to Party A that: (1) it is a limited liability company duly registered and validly existing under the PRC laws and regulations; and (2) its business operations are in compliance with applicable laws and regulations of the PRC in all material respects.

3. OBLIGATIONS OF PARTY B AND ALL SHAREHOLDER

The Parties further agree as follows:

- 3.1 Before Party A has acquired all the equity/assets of Party B by exercising the purchase option provided hereunder, Party B:
- a. without Party A's prior written consent, shall not supplement or amend the articles of association or rules of Party B in any manner, nor shall it increase or decrease the registered capital or change the shareholding structure of aforesaid entities in any manner;
 - b. shall prudently and effectively maintain its business operations according to good financial and business standards so as to maintain or increase the value of its assets;
 - c. shall not transfer, mortgage or otherwise dispose of the lawful rights and interests to and in its assets or incomes, nor shall it encumber its assets and income in any way that would affect Party A's security interests unless as required necessary for the business operation of Party B or upon prior written consent by Party A ;
 - d. shall not incur or succeed to any debts or liabilities without Party A's prior written consent;
 - e. without Party A's prior written consent, shall not enter into or materially amend any material contract (exceeding RMB 100,000 in value) except for the routine business contracts;
 - f. without Party A's prior written consent, shall not provide any loans or guaranty to any third party;
 - g. at Party A's request, it shall provide Party A with all information regarding Party B's business operation and financial condition;

Exclusive Purchase Option Agreement

- h. shall purchase insurance from insurance companies acceptable to Party B in such amounts and of such kinds as are customary in the region among companies doing similar business and having similar assets;
 - i. without Party A's prior written consent, shall not acquire or consolidate with any third party, nor shall they invest in any third party;
 - j. shall promptly notify Party A of any pending or threatened lawsuit, arbitration or administrative dispute which involve Party B's assets, business or incomes, and take positive measures against aforesaid lawsuits, arbitrations or administrative dispute;
 - k. without Party A's prior written consent, shall not distribute any dividends to the Shareholder in any manner, and, at Party A's request, shall promptly distribute all distributable dividends to the Shareholder of Party B;
 - l. without Party A's prior written consent, shall not commit any act or omission that would materially affect Party B's assets, business or liabilities;
 - m. at Party A's request, shall promptly and unconditionally transfer its assets to Party A or its designated third party as permitted by PRC laws and regulations;
 - n. shall strictly comply with the provisions of this Agreement, and effectively perform its obligations hereunder, and shall be prohibited from committing any act or omission which may affect the validity or enforceability of this Agreement.
- 3.2 Before Party A has acquired all the equity/assets of Party B by exercising the purchase option provided hereunder, the Shareholder:
- a. apart from relevant provisions in each of the Equity Pledge Agreements, without Party A's prior written consent, shall not transfer, sell, mortgage or otherwise dispose of the Equity Interests in Party B; nor shall the Shareholder places encumbrances on the Equity Interests that would affect Party A's interest hereunder and thereunder;
 - b. without Party A's prior written consent, shall not supplement or amend the articles of association or rules of Party B in any manner, nor shall it increase or decrease its registered capital or change the shareholding structure in any manner;
 - c. without Party A's prior written consent, shall not approve for the resolutions on the dissolution, liquidation and change of legal form of Party B;

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- d. shall not approve for any Profit Distribution Proposal, nor shall accept such distributed dividend without Party A's written consent; At Party A's request, he shall promptly approve for the Profit Distribution Proposal, and accept such distributed dividend.
- e. at Party A's request, shall provide Party A with all information regarding Party B's business operation and financial condition;
- f. shall not incur or succeed to any debts or liabilities which may adversely affect its Equity Interests in Party B without Party A's prior written consent;
- g. shall appoint, and appoint only, the candidates nominated by Party A to be the executive director of Party B, and shall not replace such candidates without Party A's prior written consent;
- h. shall not approve any acquisition of, any consolidation with, or any investment in any third party without Party A's prior written consent;
- i. shall promptly notify Party A of any pending or threatened lawsuit, arbitration or administrative dispute which involve Party B's assets, business or incomes, and take positive measures against aforesaid lawsuits, arbitrations or administrative dispute;
- j. without Party A's prior written consent, shall not commit any act or omission that would materially affect Party B's assets, business or liabilities;
- k. to the extent permitted by the PRC laws and regulations, and at any time upon Party A's request, shall promptly and unconditionally transfer their Equity Interests in Party B to Party A or a third party designated by Party A;
- l. shall approve for the resolution in respect of the Equity Transfer or Assets Transfer hereunder within the extent permitted by the PRC laws;
- m. shall make every efforts to cause Party B perform the obligations of Section 3.1 hereunder; and
- n. shall strictly comply with the provisions of this Agreement, and effectively perform its obligations hereunder, and shall be prohibited from committing any act or omission which may affect the validity or enforceability of this Agreement.

3.3 The Shareholder shall, to the extent permitted by applicable laws, cause Party B's operational term (including the circumstance of change of business terms) to be extended to equal the operational term of Party A (including the circumstance of change of business terms).

4. GUARANTY OF THIS AGREEMENT

4.1 To secure the performance of the obligations assumed by the Shareholder and Party B hereunder, the Parties agree to execute the Equity Pledge Agreement with respect thereto.

5. TAXES AND FEES

5.1 The Parties shall pay, in accordance with relevant PRC laws and regulations, their respective taxes arising from Equity or Assets transfer and related registration formalities and other charges during the transactions contemplated herein and therein.

6. ASSIGNMENT OF AGREEMENT

6.1 Party B and the Shareholder shall not transfer the Shareholder's rights and obligations under this Agreement to any third party without the prior written consent of Party A.

6.2 The Shareholder and Party B agree that Party A shall have the right to transfer any or all of its rights and obligations under this Agreement to any third party upon a six(6)-day written notice to the Shareholder and Party B without approval by the Shareholder and Party B.

7. EVENTS OF DEFAULT

7.1 Any violation of any provision hereof, incomplete performance of any obligation provided hereunder, any misrepresentation made hereunder, material concealment or omission of any material fact or failure to perform any covenants provided hereunder by any Party shall constitute an event of default. The defaulting Party shall assume all the legal liabilities pursuant to the applicable PRC laws and regulations.

7.2 In the event of default by Party B or the Shareholder, Party A shall be entitled to exercise the Pledgee's right under the Equity Pledge Agreement in the event that Party B and Shareholder commit an event of default and fail to redress such default within sixty (60) business days upon receipt of written notification from Party A.

8. EFFECTIVENESS, MODIFICATION AND CANCELLATION

- 8.1 This Agreement shall be effective upon the execution hereof by all Parties hereto.
- 8.2 The modification of this Agreement shall not be effective without written agreement through negotiation. If the Parties could not reach an agreement, this Agreement remains effective.
- 8.3 This Agreement shall not be discharged or canceled without written agreement through negotiation, provided Party A may, by giving a thirty (30) days prior notice to the other Parties hereto, terminate this Agreement.

9. CONFIDENTIALITY

- 9.1 Any information, documents, data and all other materials (herein “confidential information”) arising out of the negotiation, signing, and implement of this Agreement, shall be kept in strict confidence by the Parties. Without the written approval by the other Parties, any Party shall not disclose to any third party any relevant materials, but the following circumstances shall be excluded:
 - a. The materials that is known by the Public (but not include the materials disclosed by each Party receiving the materials);
 - b. The materials required to be disclosed subject to the applicable laws or the rules or provisions of stock exchange; or
 - c. The materials disclosed by each Party to its legal or financial consultant relating the transaction of this Agreement, and this legal or financial consultant shall comply with the confidentiality set forth in this Section. The disclosure of the confidential materials by staff or employed institution of any Party shall be deemed as the disclosure of such materials by such Party, and such Party shall bear the liabilities for breaching the contract.
- 9.2 If this Agreement is terminated or becomes invalid or unenforceable, the validity and enforceability of Article 9 shall not be affected or impaired.

10. FORCE MAJEURE

- 10.1 An event of force majeure means an event that could not be foreseen, and could not be avoided and overcome, which includes among other things, but without limitation, acts of nature (such as earthquake, flood or fire), government acts, strikes or riots;
- 10.2 If an event of force majeure occurs, any of the Parties who is prevented from performing its obligations under this Agreement by an event of force majeure shall notify the other Parties without delay and within fifteen (15) days of the event provide detailed information about and notarized documents evidencing the event and take appropriate means to minimize or remove the negative effects of force majeure on the other Parties, and shall not assume the liabilities for breaching this Agreement. The Parties shall keep on performing this Agreement after the event of force majeure disappears.

11. APPLICABLE LAW AND DISPUTE RESOLUTION

11.1 Applicable Law

The execution, validity, construing and performance of this Agreement and the disputes resolution under this Agreement shall be governed by the laws and regulations of the PRC.

11.2 Dispute Resolution

The Parties shall strive to settle any dispute arising from or in connection with this Agreement through friendly consultation. In case no settlement can be reached through consultation within thirty (30) days after such dispute is raised, each party can submit such matter to Qingdao Arbitration Commission for arbitration in accordance with its rules. The arbitration shall take place in Qingdao. The arbitration award shall be final conclusive and binding upon the Parties.

12. MISCELLANEOUS

12.1 Entire Agreement

The Parties acknowledge that this Agreement constitutes the entire agreement of the Parties with respect to the subject matters therein and supersedes and replaces all prior or contemporaneous oral or written agreements and understandings.

12.2 Successor

This Agreement shall bind and benefit the successor of each Party and the transferee permitted hereunder with the same rights and obligations as if the original parties hereof.

12.3 Notice

Any notice required to be given or delivered to the Parties hereunder shall be in writing and delivered to the address as indicated below or such other address or as such party may designate, in writing, from time to time. All notices shall be deemed to have been given or delivered upon by personal delivery, fax and registered mail. It shall be deemed to be delivered upon: (1) registered air mail: 5 business days after deposit in the mail; (2) personal delivery: the next business day after transmission. If the notice is delivered by fax, it should be confirmed by original through registered air mail or personal delivery.

Party A

Contact person: Robin Smith

Address:

Tel:

Fax:

Party B

Contact person: Liu Hongbing

Address: Room 501, Unit 2 Building 1, No.17 YinChuanDong Road,
Laoshan District, Qingdao City

Tel:

Fax:

The Shareholder

Contact person: Liu Hongbing

Address: Room 102, Unit 4 Building 6, No.138 Huaneng Road, Licheng
District, Ji'nan City

Tel:

Fax:

12.4 Copies

This Agreement is executed in three (3) originals with each of the person for signing this Agreement holding one original, and each of the originals shall be equally valid and authentic.

12.5 Whenever the consent of Party A is required under this Agreement, such consent shall not be effective unless such consent is also provided by either the sole shareholder, or the Executive Director, or Party A.

[Signature page follows]

Exclusive Purchase Option Agreement

IN WITNESS THEREFORE, the parties hereof have caused this Agreement to be executed and delivered as of the date first written above.

Party A NeoStem (China), Inc. (Seal)

Legal Representative (or Authorized Representative):

/s/ Robin Smith

Party B Qingdao Niao Bio-Technology Ltd. (Seal)

Legal Representative (or Authorized Representative):

/s/ Liu Hongbing

The Shareholder

**Name of the
Shareholder**

Signature

Liu Hongbing

/s/ Liu Hongbing

Loan Agreement

By and between

The Shareholder of Qingdao Niao Bio-Technology Ltd.

and

NeoStem (China), Inc.

June 1, 2009

Loan Agreement

This Loan Agreement (this "Agreement") is executed by and between the following Parties on June 1, 2009, in Qingdao City, the People's Republic of China (the "PRC").

(1) Sole Shareholder of Qingdao Niao Bio-Technology Ltd. (hereinafter as the "Borrower" or "Party A"):

Name of Each Shareholder	Shareholding Ratio (%)	ID Card No.	Contact Address
Liu Hongbing	100		Room 102, Unit 4 Building 6, No.138 Huaneng Road, Licheng District, Ji'nan City

(2) NeoStem (China), Inc. (hereinafter as the "Lender" or "Party B")

Legal Representative: Robin Smith

Address : Room 0425A, Building C, No.6 XiangGangZhong Road, Shinan District, Qingdao City.

(Party A and Party B are collectively called "the Parties" and individually called "each Party" or "a Party" in this Agreement.)

WHEREAS:

(1) The Borrower (Party A) hold 100% of the equity interests in Qingdao Niao Bio-Technology Ltd. (the "Company");

(2) Party B is a wholly foreign-owned enterprise incorporated under the PRC laws;

(3) Party A desires to secure a loan from Party B, for the purpose of increasing the registered capital of the Company, by pledging its equity in the Company to Party B as a guaranty of the loan, and Party B agrees to provide the loan to Party A ;

NOW, THEREFORE, The Parties have agreed through friendly negotiation to the terms and conditions with respect to the loan hereunder as follows:

1. DEFINITION

Except where provided otherwise, the terms used in this Agreement shall mean:

1.1 "PRC" refers to the People's Republic of China, excluding the Hong Kong Special Administrative Region, Macao Special Administrative Region and Taiwan Province;

1.2 “PRC Laws” refers to all PRC laws, administrative regulations and government rules in effect;

1.3 “RMB” refers to the legal currency within the PRC;

1.4 “Loan” refers to the Total Principal to be loaned to the Borrower by the Lender in accordance with Article 2 hereunder;

1.5 “The Company” refers to Qingdao Niao Bio-Technology Ltd., a domestic company which is incorporated and validly existing under PRC Laws; its business license No. is370212230011070, and its registered address is Room 501, Unit 2 Building 1, No.17 YinChuanDong Road, Laoshan District, Qingdao City.;

1.6 “Shareholder” refers to the sole Shareholders of the Company;

1.7 “Equity” or “Equity Interests” refers to the equity interests in the Company;

1.8 “Equity Transfer” refers to the assignment of Equity Interests in the Company held by Party A to Party B or its designated third party in accordance with the provisions of the exclusive purchase option agreement (the “Exclusive Purchase Option Agreement”) executed on June 1, 2009.

1.9 “Asset Transfer” refers to the assignment of the assets of the Company by the Company to Party B or its designated third party in accordance with the provisions of the Exclusive Purchase Option Agreement.

1.10 “Consideration for Equity Transfer” has the meaning set forth in Section 6 of this Agreement.

1.11 “Consideration for Assets Transfer” has the meaning set forth in Section 6 of this Agreement.

2. THE TOTAL LOAN AMOUNT

2.1 The total principal amount of the loan hereunder is RMB 2,100,000.00 Yuan (the “Total Principal”), and the amount and ratio of the loan to be made to the Shareholder is as set forth in the following table:

Name of the Shareholder	Amount of the Loan (Yuan)	Percentage of Total Principal □%□
Liu Hongbing	2,100,000.00	100%

3. TERM OF THIS AGREEMENT

3.1 Unless otherwise provided, the term of this Agreement shall begin from the Effective Date and expire when the loan is completely repaid by the Borrower in accordance with the provisions of Article 6 hereunder.

4. LOAN USAGE

4.1 The full amount of the loan provided hereunder shall be used to increase the registered capital of the Company, and the Borrower shall in no event change the usage without the prior written consent of the Lender.

4.2 The Borrower shall cause the Company to complete the registration of the Company with the competent Administration Bureau of Industry and Commerce in respect of the increase in the registered capital of the Company within thirty (30) business days upon receipt of the Loan hereunder, and such period may be prolonged upon the consent of the Lender.

5. LOAN INTEREST

5.1 Except as provided in Section 5.2 hereunder, the Loan hereunder shall be interest-free.

5.2 If the Consideration for Equity Transfer or the Consideration for Asset Transfer, in accordance with Section 6 hereof, is higher than the Total Principal as a result of the requirements of then applicable law or for any other reason, the excess shall be deemed to be loan interest/utilizing fees of the Loan to the largest extent permitted by PRC Laws, and will be paid to Party B by Party A together with loan principal.

6. LOAN REPAYMENT

6.1 The Loan shall be repaid upon receipt of written notice sent by Party B to Party A (the "Repayment Notice"), which shall instruct Party A to repay the Loan in accordance with Section 6.3 hereof.

6.2 The Repayment Notice shall indicate the term of repayment, which shall be adjusted from time to time by Party B in accordance with the provisions of PRC Laws regarding equity transfers (the "Repayment Term").

6.3 Except as provided otherwise by the Repayment Notice, Party A shall make payment to Party B during the Repayment Term as follows:

- 6.3.1 In the event of any Equity Transfer by Party A, the after-tax consideration paid to Party A in exchange for such Equity Transfer (including the principal and interest of the loan, if applicable) (hereinafter as the "Consideration for Equity Transfer") shall be used by Party A to repay the Loan to Party B;

6.3.2 In the event that the Company receives consideration for any Asset Transfer, Party A shall cause the Company to adopt a plan of profit distribution to transfer all after-tax income of the Company to Party B to the greatest extent permitted by PRC Laws, in order to repay the loan made by Party B under this agreement.

6.4 If the Consideration for Equity Transfer or Consideration for Asset Transfer is lower than the total principal under this Agreement, Party A shall be exempted from the shortfall repayment obligation.

7. CONDITIONS FOR GRANTING OF THE LOAN

7.1 The loan shall be granted only upon satisfaction of all the following conditions:

7.1.1 Party A shall approve increasing the registered capital by an amount equal to the Total Principal.

7.1.2 Party A, or the Company on behalf of Party A, shall execute all documents necessary for the registration with the competent Administration Bureau of Industry and Commerce in respect of the increase of registered capital of the Company.

7.2 Party B shall grant the Loan immediately and deposit it in the escrow account as agreed by Party B for increasing the registered capital of the Company after it receives written evidence which proves that Party A has fulfilled all the conditions under Section 7.1 hereof.

8. WARRANTIES AND UNDERTAKINGS

8.1 Party A hereby represents and warrants to Party B that, as of the execution date of this Agreement:

8.1.1 Party A legally holds 100% of the Equity in the Company;

8.1.2 Except as otherwise provided in the Equity Pledge Agreement and Exclusive Purchase Option Agreement, there is no pledge or other form of encumbrance on the Equity;

8.1.3 There are no material debts which will adversely affect the Equity of Party A;

8.1.4 Execution of this Agreement by Party A shall not constitute a breach of the articles of association of the Company.

8.2 Party A warrants to Party B that, as of the execution date of this Agreement:

- 8.2.1 Except as otherwise provided in the Equity Pledge Agreement and Exclusive Purchase Option Agreement, without Party B's prior written consent, Party A shall not transfer, sell, mortgage or otherwise dispose of assets or income of the Company;
- 8.2.2 Without Party B's prior written consent, Party A shall not supplement or amend the articles of association or rules of the Company, nor shall it increase or decrease the registered capital or change the shareholding structure of the Company in any manner;
- 8.2.3 Without Party B's prior written consent, Party A shall not approve the resolutions for the Company to dissolve, liquidate or change legal form;
- 8.2.4 Without Party B's prior written consent, Party A shall not approve any Profit Distribution Proposal, nor shall he accept such a distributed dividend; and at Party B's request, Party A shall promptly approve a Profit Distribution Proposal and accept such a distributed dividend;
- 8.2.5 At Party B's request, Party A shall provide Party B with all information regarding Party B's business operations and financial condition;
- 8.2.6 Without Party B's prior written consent, Party A shall not incur or succeed to any debts or liabilities which may adversely affect its Equity Interests;
- 8.2.7 Party A shall appoint, and appoint only, the candidates nominated by Party B to be the executive director of the Company, and shall not replace such candidates without Party B's written consent;
- 8.2.8 Without Party B's prior written consent; Party A shall not approve any acquisition of, any consolidation with, or any investment in any third party;
- 8.2.9 Party A shall promptly notify Party B of any pending or threatened lawsuit, arbitration or administrative dispute which involves the assets, business or income of the Company; and shall make every effort to take action to resolve such lawsuit, arbitration or administrative dispute in order to safeguard the legal rights and interests of the Company;
- 8.2.10 Without Party B's prior written consent, Party A shall not commit any act or omission that would materially affect the Company's assets, business or liabilities;
- 8.2.11 Party A shall strictly comply with the provisions of this Agreement, and effectively perform its obligations hereunder, and shall be prohibited from committing any act or omission which may affect the validity or enforceability of this Agreement.

8.3 Party A warrants to Party B that it shall use its best efforts to ensure that the Company:

- 8.3.1 shall not, without Party B's prior written consent, supplement or amend the articles of association or rules of the Company in any manner, nor shall it increase or decrease the registered capital or change the shareholding structure of the aforesaid entities in any manner;
- 8.3.2 shall prudently and effectively maintain its business operations according to good financial and business standards so as to maintain or increase the value of its assets;
- 8.3.3 shall not transfer, mortgage or otherwise dispose of the lawful rights and interests to and in its assets or incomes, nor shall it encumber its assets and income in any way that would affect Party B's security interests unless as required for the business operations of the Company or upon prior written consent by Party B;
- 8.3.4 shall not incur or succeed to any debts or liabilities without Party B's prior written consent;
- 8.3.5 without Party B's prior written consent, shall not enter into or materially amend any material contract (exceeding RMB 100,000 in value), except for the routine business contracts;
- 8.3.6 without Party B's prior written consent, shall not provide any loans or guaranty to any third party;
- 8.3.7 at Party B's request, shall provide Party B with all information regarding the Company's business operation and financial condition;
- 8.3.8 without Party B's prior written consent, shall not acquire or consolidate with any third party, nor shall it invest in any third party;
- 8.3.9 shall promptly notify Party B of any pending or threatened litigation, arbitration or administrative dispute which involves the assets, business or income of the Company; and shall make every effort to take action to resolve such litigation, arbitration or administrative dispute in order to safeguard the legal rights and interests of the Company;
- 8.3.10 without Party B's prior written consent, shall not distribute any dividends to the Shareholder in any manner, and, at Party B's request, shall promptly distribute all distributable dividends to the Shareholder;
- 8.3.11 without Party B's prior written consent, shall not commit any act or omission that would materially affect the Company's assets, business or liabilities.

9. GUARANTY OF THE LOAN

9.1 To secure the repayment of the debts under this Agreement, Party A agrees to pledge all his equity in the Company to Party B, and both Parties agree to execute the Equity Pledge Agreement with respect thereto.

10. TAX AND EXPENSE

10.1 The Parties shall pay their respective taxes and expenses in relation to the execution and performance hereof in accordance with PRC Laws.

10.2 Party B shall pay taxes and expenses in accordance with Section 6.4 hereof (if applicable).

11. ASSIGNMENT OF AGREEMENT

11.1 Party A shall not transfer any or all of its rights and obligations under this Agreement to any third party without the prior written consent of Party B.

11.2 The Parties agree that Party B shall have the right to transfer any or all of its rights and obligations under this Agreement to any third party upon a six (6) days' written notice to Party A without approval by Party A.

12. LIABILITIES AND INDEMITIES FOR BREACH OF THIS AGREEMENT

12.1 If Party A uses the Loan other than in compliance with the terms of this Agreement without Party B's written consent, Party B shall require Party A repay the improperly used part promptly.

12.2 If Party A breaches the warranties and undertakings as provided in Article 8 hereof or other provisions under this Agreement and fails to redress such breach within sixty (60) days upon receipt of written notice from Party B, Party B shall be entitled to require Party A to repay the granted Loan promptly.

12.3 If Party A fails to duly repay the Loan in accordance with the provisions hereunder, then Party A shall pay the liquidated damage per day equal to 0.03% of the unpaid Consideration which falls due; if any delay of payment amounts to sixty (60) days, then Party B shall be entitled to exercise the right of pledge under the Equity Pledge Agreement.

13. EFFECTIVENESS, MODIFICATION AND CANCELLATION

13.1 This Agreement shall take effect on the date of execution hereof by Party A and the duly authorized representative of Party B.

13.2 The modification of this Agreement shall not be effective without written agreement through negotiation. If the Parties do not reach an agreement as to modification, this Agreement remains effective.

13.3 This Agreement shall not be discharged or canceled without written agreement through negotiation, provided that Party B may, by giving thirty (30) days' prior notice to Party A, terminate this Agreement.

13.4 Unless Party B fails to grant the Loan as required hereunder after the satisfaction of all conditions as set forth in Section 7.1 hereof by Party A, Party A shall in no event unilaterally terminate this Agreement.

13.5 If Party B fails to provide the Loan in accordance with the terms hereof, this Agreement shall be automatically terminated.

14. CONFIDENTIALITY

14.1 Any information, documents, data and all other materials (herein "confidential information") arising out of the negotiation, signing, and implementing of this Agreement shall be kept in strict confidence by the Parties. Without the written approval of the other Parties, no Party shall disclose to any third party any relevant materials, but the following circumstances shall be excluded:

- (1) Material that is known by the Public (but not including material disclosed by each Party receiving the materials);
- (2) Material required to be disclosed subject to the applicable laws or the rules or provisions of a stock exchange; or
- (3) Material disclosed by each Party to its legal or financial consultant relating to the transaction of this Agreement, and this legal or financial consultant shall comply with the confidentiality set forth in this Section. The disclosure of confidential material by staff or a consignee of any Party shall be deemed to be disclosure of such materials by such Party, and such Party shall bear the liabilities for breaching the contract.

14.2 This Clause shall survive whether this Agreement is invalid, amended, revoked, terminated or incapable of implementation for any reason.

15. FORCE MAJEURE

15.1 "Force Majeure" refers that any event that could not be foreseen, and could not be avoided and overcome, which includes among other things, but without limitation, acts of nature (such as earthquakes, flood or fire), government acts, strikes or riots.

15.2 If an event of force majeure occurs, any of the Parties that is prevented from performing its obligations under this Agreement by an event of force majeure shall notify the other Party without delay and within fifteen (15) days of the event provide detailed information about and notarized documents evidencing the event, shall take appropriate means to minimize or remove the negative effects of force majeure on the other Party and shall not assume the liabilities for breaching this Agreement. The Parties shall continue performing this Agreement after the event of force majeure disappears.

16. GOVERNING LAW AND DISPUTE RESOLUTION

16.1 The effectiveness, interpretation, implementation and dispute-resolution related to this Agreement shall be governed under PRC Laws.

16.2 Any dispute arising out of this Agreement shall be resolved by both Parties through mutual negotiation. If both parties cannot reach an agreement within thirty (30) days from the date on which the dispute is brought forward, either Party may submit the dispute to the Qingdao Arbitration Commission for arbitration under its applicable rules. The arbitration award shall be final and binding upon both Parties.

16.3 During the process of dispute-resolution, both parties shall continue to perform other terms under this Agreement, except for the provisions subject to the dispute resolution.

17. MISCELLANEOUS

17.1 The Parties acknowledge that this Agreement constitutes the entire agreement of the Parties with respect to the subject matters herein and supersedes and replaces all prior or contemporaneous oral or written agreements and understandings.

17.2 This Agreement shall bind and benefit the successor of each Party and any transferee permitted hereunder with the same rights and obligations as if such successor or transferee were an original party hereto.

17.3 Any notice required to be given or delivered to the Parties hereunder shall be in writing and delivered to the address as indicated below or such other address or as such party may designate, in writing, from time to time. All notices shall be delivered by personal delivery, fax or registered mail. It shall be deemed to be delivered upon: (1) registered air mail: 5 business days after deposit in the mail; (2) personal delivery: the next business day after transmission. If the notice is delivered by fax, it should be confirmed by original through registered air mail or personal delivery:

Party A:

Contact person: Liu Hongbing

Address: Room 102, Unit 4 Building 6, No.138 Huaneng Road, Licheng District, Ji'nan City

Tel: Fax:

Party B:

Contact person: Robin Smith

Address:

Tel: Fax:

17.4 This Agreement is executed in two (2) originals with each of the person for signing this Agreement holding one original, and each of originals shall be equally valid and authentic.

17.5 Whenever the consent of Party B is required under this Agreement, such consent shall not be effective unless such consent is also provided by either the sole shareholder, or the Executive Director, of Party B.

IN WITNESS THEREFORE, the parties hereto have caused this Agreement to be executed and delivered as of the date first above written.

For and on behalf of

Party A The Shareholder of Qingdao Niao Bio-Technology Ltd.

Name of the Shareholder

Liu Hongbing

Signature

/s/ Liu Hongbing

Party B NeoStem (China), Inc. (Seal)

Legal Representative (or Authorized Representative): Robin Smith

Signature /s/ Robin Smith

Consigned Management and Technology Service Agreement

by and among

Beijing Ruijieao Bio-Technology Ltd.

NeoStem (China), Inc.

and

The Shareholder of Beijing Ruijieao Bio-Technology Ltd.

June 1, 2009

Consigned Management and Technology Service Agreement

This Consigned Management and Technology Service Agreement (“this Agreement”) is entered into on June 1, 2009 between the following Parties:

- (1) **Beijing Ruijieao Bio-Technology Ltd.** (“Party A”) is a limited liability company, duly incorporated in in Beijing City, People’s Republic of China (“PRC”) whose legal address is: Room 2007 20/F, Qingyundangdai Building, No.9 Mantingfangyuan Community, Qingyun Li, Haidian District, Beijing City.
- (2) **NeoStem (China), Inc.** (“Party B”), is a wholly foreign owned enterprise (“WFOE”) and duly incorporated under PRC Laws, whose registered address is Room 0425A, Building C, No.6 XiangGangZhong Road, Shinan District, Qingdao City.
- (3) **Sole shareholder of Beijing Ruijieao Bio-Technology Ltd.** (the “Shareholder”)

Name of the Shareholder	Shareholding Ratio □%□	ID Card No.	Contact Address
Fu Wenyuan	100		No.27 Shandabei Road, Licheng District, Ji’nan City

(Party A, Party B and the Shareholder are referred to collectively in this agreement as the “Parties” or “the Parties”, and individually as “a Party” or “each Party”.)

WHEREAS:

- (1) Party A’s business scope is as follows: technology development, technology transfer, technology consultation and technology service;
- (2) Party B’s business scope is the research & development, transfer and technological consultation service of biotech technology, regenerative medical technology and anti-aging technology (excluding the development or application of human stem cell, gene diagnosis and treatment technologies); consultation of economic information; import, export and sales of machines and equipments (the import and export do not involve the goods specifically stipulated in/by state-operated trade, import & export quota license, export quota bidding, export permit, etc.) (The aforesaid business scope should be operated with relevant permits if such permits are required);

- (3) The Parties agree that, Party A consigns Party B to manage all its business and human resources, etc., and engages Party B to provide technology services such as the update and maintenance of internal software and hardware, technology training and technology support;
- (4) The Shareholder holds 100% of equity interests of Party A.

NOW THEREFORE, the Parties hereby agree through friendly negotiation as follows:

Article 1 Definition

- 1.1 "PRC" refers to the People's Republic of China, for the purpose of this Agreement, excluding the Hong Kong Special Administrative Region, Macao Special Administrative Region and Taiwan Province[]
- 1.2 "PRC Laws" refers to all PRC laws, administrative regulations and government rules in effect;
- 1.3 "RMB" refers to the legal currency within the PRC;
- 1.4 "Party A Staff" refers to the senior management staff of Party A and the manager of each plant;
- 1.5 "Consigned Management and Technology Service Fee" or "Consideration" refers to the consideration as defined in Article 3.1 and paid to Party B by Party A.

Article 2 Contents of Consigned Management and Technology Services

2.1 Contents of Consigned Management Services

2.1.1 Business Management Services

2.1.1.1 Target

Provide services on management and staff training so as to enhance the professional management and eventually promote economic achievement of Party A.

2.1.1.2 Contents

(1) Training to Party A Staff

- A. Latest biotech industry knowledge training
- B. Related operating methods and skills training
- C. Preserve and maintenance of equipments training
- D. Management principals and skills training

(2) Business Management

- A. Procedure management

- B. Operation and technology management
- C. Equipment management
- D. Field management
- E. Quality management
- F. Sales and Marketing management
- G. Service management

2.1.2 Advertising and Development Services

2.1.2.1 Target

Improve the economic benefits of the Company, ensure the healthy development of the Company, improve the fame of the Company, establish the image of the Company, gain the good reputation, contribute to the public welfare, and expand the popularity of the Company.

2.1.2.2 Contents of Service

(1) Advertising Services

- A. Products planning
- B. Price planning
- E. Sales planning
- F. Advertising planning
- G. Marketing planning
- H. Promotion planning
- I. Public relation planning
- J. Brand planning
- K. Corporate image planning

(2) Development Services

- A. Conduct research on the market and provide suggestions on the selection of location and layout of new businesses;
- B. Conduct research on the impressions of customers, and provide suggestions for perfection of customer services in accordance with the results of that research.
- C. Conduct research on the potential cooperative partners, and provide suggestions for business expansion and cooperation development in accordance with the results of that research.

2.1.3 Human Resources Management Services

2.1.3.1 Target: Achieve the proper distribution of human resources, maintain the stability of the management team, and stimulate the employees to positively work so as to increase the economic achievement.

2.1.3.2 Contents of Service

- (1) Recommend and nominate the candidates of senior management staff of Party A, and Party A shall appoint such candidates in accordance with the requirement of the position;
- (2) Facilitate to perfect the organizational structure to improve the effects of the management;
- (3) Establish the labor management system for Party A, including, but without limitation, employment policies, training, systems of leaves and vocations, overtime working, resignation, demission and etc.;
- (4) Complete the employees' salary system including its senior management staff;
- (5) Facilitate to complete the working effectiveness assessment system of the employees and perfect the salary incentive system;
- (6) Provide training of labor management in the human resources department of Party A;
- (7) Provide consultancy services to Party A in relation to the labor policies and social insurance;
- (8) Facilitate Party A to standardize the management of human resources and establishment of related system.

2.1.4 Internal Control Services

Party B shall assist Party A to establish internal control system and provide the proper suggestions on the following systems:

- (1) Rules for stamp usage
- (2) Rules for receipts and checks
- (3) Rules of budgeting management
- (4) Assets management system
- (5) Quality management system
- (6) Authorization and agency system

2.2 Contents of Technology Services

2.2.1 Select, purchase and update the proper software in accordance with practical requirements of Party A with respect to human resources and business management, etc., and conduct training on the use of such software, and provide relevant consulting services.

2.2.2 Assist with other related systems and software in accordance with the specific requirements of Party A, and the relative costs shall be borne by Party A.

- 2.2.3 If necessary, seek qualified network service companies to provide services to Party A with respect to its application for the domain name and design of website, assist Party A in communication with the network service company on matters relating to the domain name and website.
- 2.2.4 Assist with the computers, server and other facilities in accordance with the requirements of Party A.
- 2.2.5 Make periodic maintenance and necessary update on hardware facilities in accordance with the requirements of Party A.
- 2.2.6 Conduct technology training of the technical employees of Party A.
- (1) Conduct training to Party A for the operation of technologies with regard to latest bio-technologies, regenerative medical technologies, anti-aging technologies, etc.
 - (2) Conduct training to Party A with regard to research and development of relevant technologies.
 - (3) Strengthen the training of Party A's staff to use new apparatus and equipments, quickly apply the new equipments into research and operation, and improve the capacity and efficiency.
- 2.2.7 In the event of occurrence of technical problems of Party A, Party B shall designate relevant staff to perform on-site research for assisting Party A to resolve such problems if necessary.
- 2.2.8 Party B shall be the sole and exclusive owner of all rights, title, interests and intellectual property rights arising from the performance of this Agreement (including but not limited to, any copyrights, patent, know-how, commercial secrets and otherwise), regardless developed independently by Party B or by Party A based on Party B's intellectual property or by Party B based on Party A's intellectual property. Party A shall not claim against Party B on any rights, ownership, interests or intellectual property.

If such development is conducted on the basis of Party A's intellectual property, Party A shall ensure that such intellectual property is clear and free from any lien or encumbrance or license, or Party A shall indemnify Party B any and all damages incurred thereby. In case Party B shall be liable to any third party by reason thereof, Party B shall be compensated in full by Party A as long as Party B has compensated the third party.

Article 3 Consigned Management and Technology Service Fee

3.1 Party A shall pay the Consigned Management and Technology Service Fee, equal to 51-90 % of its total annual after-tax profit on a yearly basis as the Consideration of services provided Party B as set forth in Article 2 hereunder.

3.2 Party A shall pay to Party B the year's Consigned Management and Technology Service Fee before each calendar day of December 31st.

3.3 Whereas the daily business operations of Party A shall bear a material impact on its capacity to make the payments due to Party B, the Shareholders of Party A jointly agree that they will immediately and unconditionally pay or transfer to Party B any bonus, dividends or any other incomes or benefits (regardless of the forms) obtained from Party A as the shareholders of Party A at the time when such payables occur and provide all necessary documents or take all necessary actions required by Party B to realize such payment or transfer .

3.4 Party B shall be entitled to request Party A in writing to adjust the Consideration in accordance with the quantity and quality of the consigned services. The Parties shall positively negotiate with each other in respect of the Consigned Management and Technology Service Fee, and Party A shall agree with such adjustment.

Article 4 Warranties and Undertakings by Party A

4.1 Within the term of this Agreement, Party B shall be the entity exclusively consigned by Party A to provide the services as set forth in Article 2 hereunder, and Party A shall not consign any other entities to provide to Party A any services same as or similar with those services provided in Article 2 hereunder.

4.2 Without the prior written consent by Party B, Party A shall not change its business target.

4.3 Without the prior written consent by Party B, Party A shall not change its rules and policies regarding the business operation, management, human resources and finance.

4.4 Without the prior written consent by Party B, Party A shall not change its internal control system.

4.5 Without the prior written consent by Party B, Party A shall not change its internal organization.

4.6 Without the prior written consent by Party B, Party A shall not replace any senior management staff itself.

4.7 Party A shall provide Party B information regarding the business operation, management and finance of Party A.

4.8 Party A shall promptly and proactively notify Party B of any matters that adversely affect Party A.

4.9 Party A shall give full cooperation to Party B, and provide assistance and convenience to Party B for its on-site working, and shall not hinder Party B to provide services as set forth in Article 2 hereunder.

4.10 Party A shall promptly make full payment of Consigned Management and Technology Service Fee to Party B in accordance with the provisions hereunder.

4.11 Without the prior written consent by Party B, Party A shall not take any action that would materially affect Party B's rights and interests hereunder.

Article 5 Warrants and Undertakings by Party B

5.1 Party B shall take advantage of its capacity and resources to provide the services as stipulated in Article 2 hereunder.

5.2 Party B shall timely adjust and improve the services in accordance with the practical request from Party A.

5.3 In the event that Party B proposes to provide services to any other entities engaged in similar business as Party A, it shall give prior notice to Party A and strictly keep the confidential information obtained during the course of providing services to Party A.

5.4 Party B shall accept any reasonable suggestions from Party A during the course of providing services to Party A.

Article 6 Guaranty for this Agreement

6.1 To secure the performance of the obligations assumed by Party A hereunder, Shareholder agree to pledge all their equity interests in Party A to Party B, and the Parties agree to execute the Equity Pledge Agreement with respect thereto.

Article 7 Taxes and Expenses

7.1 The Parties shall pay, in accordance with relevant PRC laws and regulations, their respective taxes and fees arising from the execution and performance of this Agreement.

Article 8 Assignment of the Agreement

8.1 Party A shall not transfer part or all its rights and obligations under this Agreement to any third party without the prior written consent of Party B.

8.2 The Parties agree that Party B shall be entitled to transfer, at its own discretion, any or all of its rights and obligations under this Agreement to any third party upon a six (6) –day written notice to Party A.

Article 9 Liability of Breach

9.1 If Party A fails to duly pay the Consigned Management and Technology Service Fee in accordance with the provisions of Article 3 hereunder, then Party A shall pay the liquidated damage per day equal to 0.03% of the unpaid Consideration which falls due; if any delay of payment amounts to sixty (60) days, then Party B shall be entitled to exercise the right of pledge under the Equity Pledge Agreement.

9.2 If Party A violates its representations and warranties hereunder and fails to redress such violation within sixty (60) days upon receipt of written notice from Party B, Party B shall be entitled to exercise the right of pledge under the Equity Pledge Agreement.

9.3 If Party B is in non-performance, or incomplete performance of this Agreement, or is otherwise in default of any of its representations and warranties hereunder, Party A shall be entitled to request Party B to redress its default.

Article 10 Effect, Modification and Cancellation

10.1 This Agreement shall take effect on the day of execution hereof, and the valid term hereof shall be expired upon the day of completion of the acquisition of all or the substantial part of assets or the equity of Party A by Party B or its designated third party.

10.2 The modification of this Agreement shall not be effective without written agreement of the Parties through negotiation. If the Parties could not reach an agreement, this Agreement remains effective.

10.3 This Agreement shall not be discharged or canceled without written agreement of the Parties through negotiation, provided Party B may, by giving a thirty (30)-day prior notice to the other Parties hereto, terminate this Agreement.

Article 11 Confidentiality

11.1 Any information, documents, data and all other materials (herein “Confidential Information”) arising out of the negotiation, signing, content and implementing of this Agreement, shall be kept in strict confidentiality by the Parties. Without the written approval by the other Parties, none of the Parties shall disclose to any third party any confidential information, but the following shall not be considered to be “confidential information”:

(1) The materials that are known by the general public (but not include the materials disclosed by a Party receiving the materials in breach of this Agreement);

(2) The materials required to be disclosed subject to the applicable laws or the rules or provisions of any stock exchange; or

(3) The materials disclosed by each Party to its legal or financial consultants relating the transactions under this Agreement, provided the legal or financial consultants shall comply with the confidentiality set forth in this Section. The disclosure of the Confidential Information by staff or employed institution of any Party shall be deemed as the disclosure of Confidential Information by such Party, and such Party shall bear the liabilities for breaching the contract.

11.2 If this Agreement is terminated or becomes invalid or unenforceable, the validity and enforceability of Article 11 shall not be affected or impaired.

Article 12 Force Majeure

12.1 "Force Majeure" refers to any event that could not be foreseen, and could not be avoided and overcome, which includes among other things, but without limitation, acts of nature (such as earthquake, flood or fire), governmental acts, strikes or riots.

12.2 If an event of force majeure occurs, any of the Parties who is prevented from performing its obligations under this Agreement by an event of force majeure shall notify the other Party without delay and within fifteen (15) days of the event provide detailed information about and notarized documents evidencing the event and take appropriate means to minimize or remove the negative effects of force majeure on the other Parties, and shall not assume the liabilities for breaching this Agreement. The Parties shall keep on performing this Agreement after the event of force majeure disappears.

Article 13 Governing Law and Dispute Resolution

13.1 The effectiveness, interpretation, implementation and dispute-resolution related to this Agreement shall be governed under the PRC Laws.

13.2 Any dispute arising out of this Agreement shall be resolved by the Parties through friendly negotiation. If the Parties could not reach an agreement within thirty (30) days since the dispute is brought forward, each Party may submit the dispute to Qingdao Arbitration Commission for arbitration under its applicable rules. The arbitration award should be final and binding upon the Parties.

13.3 During the process of dispute-resolution, the Parties shall continue to perform other terms under this Agreement, except for provisions subject to dispute resolution.

Article 14 Miscellaneous

14.1 The Parties acknowledge that this Agreement constitutes the entire agreement of the Parties with respect to the subject matters therein and supersedes and replaces all prior or contemporaneous oral or written agreements and understandings.

14.2 This Agreement shall bind and benefit the successor of each Party and the transferee permitted hereunder with the same rights and obligations as if such successor or transferee were an original party hereof.

14.3 Any notice required to be given or delivered to the Parties hereunder shall be in writing and delivered to the address as indicated below or such other address or as such party may designate, in writing, from time to time. All notices shall be deemed to have been given or delivered upon by personal delivery, fax and registered mail. It shall be deemed to be delivered upon: (1) registered air mail: five (5) business days after deposit in the mail; (2) personal delivery and fax: the next business day after transmission. If the notice is delivered by fax, it should be confirmed by original through registered air mail or personal delivery:

Party A:

Contact person: Fu Wenyuan

Address: Room 2007 20/F, Qingyundangdai Building, No.9 Mantingfangyuan Community, Qingyun Li, Haidian District, Beijing City.

Tel:

Fax:

Party B:

Contact person: Robin Smith

Address:

Tel:

Fax:

The Shareholder

Contact person: Fu Wenyuan

Address: No.27 Shandabei Road, Licheng District, Ji'nan City

Tel:

Fax:

14.4 This Agreement is executed in three (3) originals with each Party holding one original, and each of the originals shall be equally valid and authentic.

14.5 Whenever the consent of Party B is required under this Agreement, such consent shall not be effective unless such consent is also provided by either the sole shareholder, or the Executive Director, of Party B.

IN WITNESS WHEREOF, the Parties hereto have caused this Agreement to be executed and delivered as of the date first written above.

Party A Beijing Ruijieao Bio-Technology Ltd.

Legal Representative: Fu Wenyan

Signature and Company seal:

/s/ Fu Wenyan

Party B NeoStem (China), Inc.

Legal Representative: Robin Smith

Signature and Company Seal:

/s/ Robin Smith

The Shareholder of Beijing Ruijieao Bio-Technology Ltd.

**Name of the
Shareholder**

Signature

Fu Wenyan

/s/ Fu Wenyan

Equity Pledge Agreement

By and among

The Shareholder of Beijing Ruijieao Bio-Technology Ltd.

Beijing Ruijieao Bio-Technology Ltd.

and

NeoStem (China), Inc.

June 1, 2009

EQUITY PLEDGE AGREEMENT

THIS EQUITY PLEDGE AGREEMENT (hereinafter referred to as “this Agreement”) is executed by the following parties on June 1, 2009 in Qingdao City, People’s Republic of China (the “PRC”):

(1) Sole shareholder of Beijing Ruijieao Bio-Technology Ltd. (hereinafter as “Party A” or “Pledgor”)

Name of the Shareholder	Shareholding Ratio (%)	ID Card No.	Contact Address
Fu Wenyuan	100		No.27 Shandabei Road, Licheng District, Ji’nan City

(2) NeoStem (China), Inc. (hereinafter as “Party B” or “Pledgee”)

Registered Address: Room 0425A, Building C, No.6 XiangGangZhong Road, Shinan District, Qingdao City
Legal Representative: Robin Smith

(3) Beijing Ruijieao Bio-Technology Ltd. (hereinafter as “Party C” or the “Company”)

Registered Address: Room 2007 20/F, Qingyundangdai Building, No.9 Mantingfangyuan Community, Qingyun Li, Haidian District, Beijing City
Legal Representative: Fu Wenyuan

(Pledgor, Pledgee and the Company may be collectively called the “Parties” and individually as “Each Party”.)

WHEREAS,

1. The Company is a domestic company incorporated and validly existing under PRC Laws, and its business license No. is 110108011860295
2. The Pledgor, the PRC citizen, legally holds 100% Equity Interests in the Company;
3. The Pledgee, as a wholly foreign-owned enterprise, was duly incorporated and validly existing under the PRC Laws;

4. Party B signed a consigned management and technology service agreement (the “Consigned Management and Technology Service Agreement”) on June 1, 2009 with Party C and Party A, and Party A agrees to pledge all his equities in Party C to Party B as a guaranty for the performance of the obligations thereunder.
5. The Parties signed an exclusive purchase option agreement (the “Exclusive Purchase Option Agreement”) on June 1, 2009, and the Parties thereto agree that Party A shall pledge all his equities in Party C to Party B as a guaranty of the performance of the obligations assumed by Party A and Party C thereunder.
6. Party A and Party B signed a loan agreement (the “Loan Agreement”) on June 1, 2009, and the Party A agrees to pledge all his equities in Party C to Party B as a guaranty of the performance of the obligations thereunder.

NOW THEREFORE, the Parties, through friendly negotiations, hereby enter into this Agreement with respect to the equity pledge.

1. Definitions and Interpretation

Unless otherwise provided in this Agreement, the following terms shall have the following meanings:

- 1.1 “PRC” refers to the People’s Republic of China, excluding the HongKong Special Administrative Region, Macao Special Administrative Region and Taiwan Province;
- 1.2 “PRC Laws” refers to all PRC laws, administrative regulations and government rules in effect;
- 1.3 “Pledged Equity” refers to all the equity in the Company as provided in Article2.1;
- 1.4 “Main Agreements” refers to the Loan Agreement, Consigned Management and Technology Service Agreement and Exclusive Purchase Option Agreement and the Appendixes thereof (if applicable);
- 1.5 “Right of Pledge” refers to the right owned by the Pledgee to be first compensated from the money converted from or the proceeds from the auction or sale of the Pledged Equity by the Pledgor to the Pledgee in the event of default of Pledgor and/or Party C, and such right shall cause the Pledgee to be entitled to the bonus arising from Pledged Equity;
- 1.6 “AICB” refers to the competent Administration Bureau of Industry and Commerce which is authorized in accordance with PRC Laws to register the Pledged Equity hereunder;

1.7 “Event of Default” refers to the event as defined in Article 8 hereunder.

1.8 “Business Day” refers to any day except Saturday, Sunday and other public holidays as permitted by PRC Laws;

2. Equity Pledge

2.1 The Parties agree that Pledgor shall pledge all his Equities in the Company to the Pledgee as a guaranty for the performance of the obligations assumed by the Pledgor and/or the Company under each of the Main Agreements.

2.2 In case the Pledgor increase the registered capital in the Company during the term of this Agreement, such increased capital shall be equally deemed as the Pledged Equity.

2.3 In case any act conducted by the Pledgor or the Company may cause the Right of Pledge damaged so as to harm the interests of the Pledgee, the Pledgee is entitled to require the Pledged Equity to be auctioned or sold in advance and the proceeds from such auction or sale shall be used to discharge the debt secured by the Pledged Equity in advance.

3. Registration of Pledge

3.1 Upon the execution of this Agreement, the Pledgor shall cause the Company to record the Right of Pledge in the register of shareholders and deliver it with the common seal of the Company as well as the original of equity contribution certificate of the Pledgor to the Pledgee for keeping. Within the term of this Agreement, Party B shall return the register of shareholders and equity contribution certificate to the Company for modification registration with AICB, and the Company shall complete the modification registration within 10 business days upon receipt of the register of shareholders and equity contribution certificate, and Party A together with the Company shall continue to deliver such modified register of shareholders and equity contribution certificate to Party B within 2 business days following the completion of the aforesaid registration.

3.2 The Parties agree that if AICB accept the registration with respect to the equity pledge, he will promptly cause the Pledged Equity under this Agreement to be recorded at AICB, and the Parties confirm that whether the Pledged Equity is recorded as above or not shall not affect the validity of this Agreement unless compulsorily required by PRC Laws.

3.3 After the signing of this Agreement, the Pledgor shall in accordance with the Pledgee's written request which may be made by the Pledgee from time to time, together with the Pledgee, notarized this agreement as well as the register of shareholders with the recorded Pledged Equity in a notary public office as designated by the Pledgee, and Party A and the Company shall give assistance with respect to the notarization following the delivery of the notice with the request of notarization by Party B.

4. Representations and Warranties

4.1 Each Party under this Agreement represents and warrants to other Parties that:

- (1) it has relevant power, rights and authorizations for the execution hereof, and performance of the obligations hereunder;
- (2) the execution and performance of this Agreement shall not violate or conflict with any of the terms and conditions of other agreements signed between the Parties.

4.2 The Pledgor represent and warrant to the Pledgee that:

- (1) he is the legal owner of the Pledged Equity, and have fulfilled the obligations of capital contribution in the registered capital of the Company;
- (2) except for the Right of Pledge as setup hereunder, the Pledged Equity is not subject to any pledge, guaranty or other form of encumbrances;
- (3) he does not or will not transfer the Pledged Equity to any third party or make any agreements, whether oral or written, with respect to the transfer of Pledged Equity.

4.3 The Company agrees to undertake the joint liability with respect to the representations and warrants made by the Pledgor.

5. Obligations of Pledgor

5.1 The dividend and bonus arising from the Pledged Equity shall be deposited in an escrow account for the supervision of the Pledgee.

5.2 Apart from the encumbrance set forth hereunder and under the Exclusive Purchase Option Agreement, without the Pledgee's prior written consent, the Pledgor shall not sell, transfer, mortgage or otherwise dispose of the Pledged Equity, nor shall place encumbrances on such Pledged Equity;

5.3 Without the Pledgee's prior written consent, the Pledgor shall not supplement or amend the articles of association of the Company in any manner, nor shall it increase or decrease the registered capital or change the shareholding structure of the Company in any manner;

- 5.4 The Pledgor shall not approve for the resolutions on the dissolution, liquidation and change of legal form of the Company;
- 5.5 The Pledgor shall not approve for any Profit Distribution Proposal, nor shall accept such distributed dividend without the Pledgee's prior written consent; At the Pledgee's request, it shall promptly approve for the Profit Distribution Proposal, and accept such distributed dividend;
- 5.6 At the Pledgee's request, the Pledgor shall provide the Pledgee with all information regarding the business operation and financial condition of the Company;
- 5.7 The Pledgor shall not incur or succeed to any debts or liabilities which may adversely affect his equity interests in the Company without the Pledgee's prior written consent;
- 5.8 The Pledgor shall appoint, and appoint only, the candidates nominated by the Pledgee to be the executive director of the Company, and shall not replace such candidates without the Pledgee's prior written consent;
- 5.9 The Pledgor shall not approve any acquisition of, any consolidation with, or any investment in any third party without the Pledgee's prior written consent;
- 5.10 The Pledgor shall promptly notify the Pledgee of any pending or threatened lawsuit, arbitration or administrative dispute which involve the assets, business or incomes of the Company, and take positive measures against aforesaid lawsuits, arbitrations or administrative dispute;
- 5.11 The Pledgor shall not commit any conducts or omissions that may adversely affect the assets, business operation, the debts and liabilities of the Company without the Pledgee's prior written consent;
- 5.12 To the extent permitted by the PRC laws and regulations, and at any time upon Pledgee's request, the Pledgor shall promptly and unconditionally transfer his equity interests of the Company to Pledgee or its designated third party in accordance with the Exclusive Purchase Option Agreement;
- 5.13 The Pledgor shall approve for the resolution in respect of the Equity Transfer or Assets Transfer hereunder within the extent permitted by the PRC laws;
- 5.14 The Pledgor shall make every efforts to cause the Company perform the obligations of Article 6 hereunder;

- 5.15 The Pledgor shall, to the extent permitted by applicable laws, cause the business term of Party C (including the circumstance of change of business terms) not shorter than that of Party B(including the circumstance of change of business terms);
- 5.16 The Pledgor shall strictly comply with the provisions of this Agreement, and effectively perform its obligations hereunder, and shall be prohibited from committing any act or omission which may affect the validity or enforceability of this Agreement.
- 5.17 The Pledgor hereby authorizes the Pledgee to exercise all the shareholder's rights as the Party C's shareholder within the scope permitted by the PRC laws and articles of association of Party C on behalf of the Pledgor, including the voting right and decision right in Party C.

6. Obligations of the Company

- 6.1 Without the Pledgee's prior written consent, it shall not supplement or amend the articles of association or rules of the Company in any manner, nor shall it increase or decrease the registered capital or change the shareholding structure of aforesaid entities in any manner;
- 6.2 It shall prudently and effectively maintain its business operations according to good financial and business standards so as to maintain or increase the value of its assets;
- 6.3 Unless as required necessary for the business operation of the Company or upon the prior written consent by Party B , it shall not transfer, mortgage or otherwise dispose of the lawful rights and interests to and in its assets or incomes, nor shall it encumber its assets and income in any way that would affect the Pledgee's security interests hereunder;
- 6.4 It shall not incur or succeed to any debts or liabilities unless as required necessary for the business operation of the Company or upon the prior written consent by Party B;
- 6.5 Without the Pledgee's prior written consent, it shall not enter into or materially amend any material contract (exceeding RMB100,000 in value), except for the routine business contracts;
- 6.6 Without the Pledgee's prior written consent, it shall not provide any loans or guaranty to any third party;
- 6.7 At the Pledgee's request, it shall provide the Pledgee with all information regarding its business operation and financial condition;

- 6.8 The Company shall purchase insurance from insurance companies acceptable to the Pledgee in such amounts and of such kinds as are customary in the region among companies doing similar business and having similar assets;
- 6.9 Without the Pledgee's prior written consent, it shall not acquire or consolidate with any third party, nor shall they invest in any third party;
- 6.10 It shall promptly notify the Pledgee of any pending or threatened lawsuit, arbitration or administrative dispute which involve its assets, business or incomes, and take positive measures against aforesaid lawsuits, arbitrations or administrative dispute;
- 6.11 Without the Pledgee's prior written consent, it shall not distribute any dividends to the Pledgor in any manner, and at the Pledgee's request, it shall promptly distribute all distributable dividends to the Pledgor.
- 6.12 Without the Pledgee's prior written consent, it shall not commit any act or omission that would materially affect its assets, business or liabilities;

7. Exercise of Right of Pledge

- 7.1 The Pledgee may exercise the Right of Pledge at any time following the delivery of Notice of Default as provided in Article 8.2 to the Pledgor.
- 7.2 The Pledgee is entitled to be first compensated with the money converted from or the proceeds from auction or sale of all or part of Pledged Equity in accordance with legal proceedings unless the Pledgor has duly and completely performed the obligations under Main Agreements.
- 7.3 Within the term of this Agreement, If the Pledged Equity hereunder is subjected to any compulsory measures implemented by a court or other departments due to the Pledgor' failing to repay the debts which fall due or violation of PRC Laws or state policies etc., the Pledgor shall,
(1) notify the Pledgee in written form of such compulsory measures within three (3) days following its occurrence;
(2) use all efforts (including but not limited to provide other security to the court or other government authorities), in order to dismiss the compulsory measures taken by the court or other government authorities over the Pledged Equity.
- 7.4 The Pledgor shall not hinder the Pledgee from exercising the Right of Pledge and shall give necessary assistance so that the Pledgee could realize its Right of Pledge.

8. Event of Default

8.1 The following events shall be regarded as the Events of Default:

8.1.1 Any Party breaches any of the representations or warranties hereunder;

8.1.2 The Pledgor and/or the Company breache(s) any of the representations or warranties under the Main Agreements;

8.1.3 The Pledgor and/or the Company fail(s) to duly and completely perform the obligations hereunder;

8.1.4 The Pledgor and/or the Company fail(s) to duly and completely perform the obligations under the Main Agreements;

8.1.5 Any other external borrowing, guaranty, compensation or other liabilities of the Pledgor: (1) is required for an early repayment or performance prior to the scheduled date due to any breach by the Pledgor; or (2) is due but can not be repaid or perform as scheduled, which, at the discretion of the Pledgee, has an adverse effect on the Pledgor's ability of performing the obligations under this Agreement;

8.1.6 The properties owned by Pledgor have significant adverse changes, which, at the discretion of Pledgee, has an adverse effect on Pledgor's ability of performing the obligations under this Agreement;

8.2 Unless the Pledgor takes the action to Pledgee's satisfaction to remedy the defaults as listed in Article 8.1 hereof, the Pledgee may give a written notice about default ("Notice of Default") to the Pledgor when such default occurs or at any time thereafter.

9. Taxes and Expenses

9.1 The Parties shall pay, in accordance with relevant PRC laws and regulations, their respective taxes and expenses arising from the execution and performance of this Agreement.

10. Assignment

10.1 The Pledgor shall not transfer part or all of the rights and obligations under this Agreement without prior written consent from the Pledgee.

10.2 To the extent being permitted by law, the Pledgee shall have the right to transfer any or all of its rights and obligations under this Agreement to any third party upon a six (6) –day written notice to the Pledgor or the Company without its approval.

11. Effectiveness Modification and Cancellation

11.1 This Agreement shall be executed on the date set forth in the first page and shall become effective on the day on which the Pledged Equity is recorded on the register of the shareholders.

11.2 The modification of this Agreement shall not be effective without written agreement through negotiation. If the Parties could not reach an agreement, this Agreement remains effective.

11.3 This Agreement shall not be discharged or canceled without written agreement through negotiation.

12. Confidentiality

12.1 Any information, documents, data and all other materials (herein “Confidential Information”) arising out of the negotiation, signing, and implement of this Agreement, shall be kept in strict confidence by the Parties. Without the written approval by the other Parties, any Party shall not disclose to any third party any Confidential Information, but the following circumstances shall be excluded:

- a. The materials that is known by the Public (but not include the materials disclosed by each Party receiving the Confidential Information);
- b. The materials required to be disclosed subject to the applicable laws or the rules or provisions of stock exchange; or
- c. The materials disclosed by each Party to its legal or financial consultant relating the transaction of this Agreement, and this legal or financial consultant shall comply with the confidentiality set forth in this Section. The disclosure of the Confidential Information by staff or employed institution of any Party shall be deemed as the disclosure of such Confidential Information by such Party, and such Party shall bear the liabilities for breaching the contract.

12.2 This Clause shall survive whatever this Agreement is invalid, amended, revoked, terminated or unable to implement by any reason.

13. Force Majeure

13.1 An event of force majeure means an event that could not be foreseen, and could not be avoided and overcome, which includes among other things, but without limitation, acts of nature (such as earthquake, flood or fire), government acts, strikes or riots;

13.2 If an event of force majeure occurs, any of the Parties who is prevented from performing its obligations under this Agreement by an event of force majeure shall notify the other Parties without delay and within fifteen (15) days of the event provide detailed information about and notarized documents evidencing the event and take appropriate means to minimize or remove the negative effects of force majeure on the other Parties, and shall not assume the liabilities for breaching this Agreement. The Parties shall keep on performing this Agreement after the event of force majeure disappears.

14. Applicable Law and Dispute Resolution

14.1 The execution, validity, construing and performance of this Agreement and the disputes resolution under this Agreement shall be governed by the laws and regulations of the PRC.

14.2 The Parties shall strive to settle any dispute arising from or in connection with this Agreement through friendly consultation. In case no settlement can be reached through consultation within thirty (30) days after such dispute is raised, each Party can submit such matter to Qingdao Arbitration Commission for arbitration in accordance with its rules. The arbitration award shall be final conclusive and binding upon the Parties.

14.3 During the process of dispute-resolution, the Parties shall continue to perform other terms under this Agreement, except for provisions subject to the dispute resolution.

15. Miscellaneous

15.1 Entire Agreement

The Parties acknowledge that this Agreement constitutes the entire agreement of the Parties with respect to the subject matters therein and supersedes and replaces all prior or contemporaneous oral or written agreements and understandings.

15.2 Successor

This Agreement shall bind and benefit the successor of each Party and the transferee permitted hereunder with the same rights and obligations as if the original parties hereof.

15.3 Notice

Any notice required to be given or delivered to the Parties hereunder shall be in writing and delivered to the address as indicated below or such other address or as such party may designate, in writing, from time to time. All notices shall be deemed to have been given or delivered upon by personal delivery, fax and registered mail. It shall be deemed to be delivered upon: (1) registered air mail: 5 business days after deposit in the mail; (2) personal delivery or delivery by fax: the next business day after transmission. If the notice is delivered by fax, it should be confirmed by original through registered air mail or personal delivery.

Party A

Contact person: Fu Wenyan
Address: No.27 Shandabei Road, Licheng District, Ji'nan City
Tel:
Fax:

Party B

Contact person: Robin Smith
Address:
Tel:
Fax:

Party C

Contact person: Fu Wenyan
Address: Room 2007 20/F, Qingyundangdai Building, No.9 Mantingfangyuan Community, Qingyun Li, Haidian District, Beijing City
Tel:
Fax:

15.4 This Agreement is executed in three (3) originals with each Party holding one original, and each of the originals shall be equally valid and authentic.

15.6 Whenever the consent of the Pledgee is required under this Agreement, such consent shall not be effective unless such consent is also provided by either the sole shareholder, or the Executive Director, of the Pledgee.

[Signature page follows]

IN WITNESS WHEREOF, each party has caused this Agreement to be executed and delivered as of the date first above written.

Party A The Shareholder of Beijing Ruijieao Bio-Technology Ltd. (“Pledgor”)

Name of the Shareholder	Signature
Fu Wenyan	/s/ Fu Wenyan

Party B NeoStem (China), Inc. (“Pledgee”)

Legal Representative: Robin Smith
Signature and Company Seal:
/s/ Robin Smith

Party C Beijing Ruijieao Bio-Technology Ltd. (“Company”)

Legal Representative:
Signature and Company seal:
/s/ Fu Wenyan

EXCLUSIVE PURCHASE OPTION AGREEMENT

by and among

NEOSTEM (CHINA), INC.

BEIJING RUIJIEAO BIO-TECHNOLOGY LTD.

and

THE SHAREHOLDER OF BEIJING RUIJIEAO BIO-TECHNOLOGY LTD.

June 1, 2009

EXCLUSIVE PURCHASE OPTION AGREEMENT

This Exclusive Option Purchase Agreement (the "Agreement") is executed by the following parties on June 1, 2009 in Qingdao City, the People's Republic of China.

(1) NeoStem (China), Inc. ("Party A")

Registered Address: Room 0425A, Building C, No.6 XiangGangZhong Road, Shinan District, Qingdao City

Legal representative: Robin Smith

(2) Beijing Ruijieao Bio-Technology Ltd. ("Party B")

Registered Address: Room 2007 20/F, Qingyundangdai Building, No.9 Mantingfangyuan Community, Qingyun Li, Haidian District, Beijing City

Legal representative: Fu Wenyuan

(3) Sole shareholder of Beijing Ruijieao Bio-Technology Ltd.

(hereinafter called the "Shareholder")

Name of the Shareholder	Shareholding Ratio □%□	ID Card No.	Contact Address
Fu Wenyuan	100		No.27 Shandabei Road, Licheng District, Ji'nan City

Party A, Party B, and the Shareholder of Party B are hereinafter from time to time, collectively, referred to as the "**Parties**", and each of them is hereinafter from time to time referred to as a "**Party**". The equity interests in Party B held by the Shareholder now existing or hereafter acquired is hereinafter from time to time referred to as the "**Equity Interests**" or "**Equity**".

WHEREAS:

- Party A, a wholly foreign-owned enterprise incorporated under the laws of the People's Republic of China (the "**PRC**"), which engages the research & development, transfer and technological consultation service of biotech technology, regenerative medical technology and anti-aging technology (excluding the development or application of human stem cell, gene diagnosis and treatment technologies); consultation of economic information; import, export and sales of machines and equipments (the import and export do not involve the goods specifically stipulated in/by state-operated trade, import & export quota license, export quota bidding, export permit, etc.) (The aforesaid business scope should be operated with relevant permits if such permits are required).
-

Exclusive Purchase Option Agreement

2. Party B, as a domestic limited liability company, incorporated under PRC laws in Beijing, and licensed by Beijing Administration for Industry and Commerce, it engages in technology development, technology transfer, technology consultation and technology service.
3. As of the date of this Agreement, the percentage ownership of the Equity Interests in Party B held by the Shareholder shall be set forth as described above.
4. To secure the performance of the obligations assumed by Party B and the Shareholder under this Agreement, the Shareholder agrees to pledge all their equity in Party B to Party A, and has executed Equity Pledge Agreement on June 1, 2009 with respect thereto (the "**Equity Pledge Agreement**").

NOW, THEREFORE, the Parties through mutual negotiations hereby enter into this Agreement with respect of the exclusive purchase option right:

1. THE GRANT AND EXERCISE OF PURCHASE OPTION

- 1.1 The Shareholder hereby irrevocably grants to Party A an exclusive purchase right at any time, or designate any third party to purchase all or part of the Shareholder' Equity Interests in Party B, provided permitted under the PRC laws and regulations and Party B agrees to such grant by the Shareholder to Party A. Apart from Party A or any third party designated by Party A, no other person shall have the right to purchase such Equity Interests. The Shareholder shall transfer his Equity Interests in Party B to Party A provided Party A selects to purchase the Shareholder' Equity Interests.
- 1.2 Party B hereby irrevocably grants to Party A an exclusive purchase option, at any time to acquire all or a substantial part of Party B's assets, provided permitted under the PRC laws and regulations and the Shareholder agrees to such grant by Party B to Party A.
- 1.3 For the purpose of this Agreement, a "third party" or a "person" may be a natural person, company, partnership, enterprise, trust agency or other non-corporate entity.
- 1.4 To the extent permitted under the PRC laws and regulations, Party A shall determine at any time and at its own option to exercise such exclusive right to (i) purchase the Equity Interests as provided in Section 1.1 by written notice to the applicable Shareholder(s) specifying the amount of equity to be purchased and the identity of the purchaser (hereinafter referred to as "**Equity Transfer**") or (ii) purchase all or substantially all of Party B's assets as provided in Section 1.2 (hereinafter referred to as "**Assets Transfer**") by written notice to Party B (each an "**Exercise Notice**"). Each Exercise Notice shall be signed by either the sole shareholder, or the Executive Director, of Party A.

1.5 Within thirty (30) days of the receipt of the Exercise Notice, the applicable Shareholder and Party B shall execute a share/asset transfer agreement and other documents (collectively, the "**Transfer Documents**") necessary to effect the respective transfer of equity or assets to Party A (or any eligible party designated by Party A), and shall unconditionally assist Party A to obtain all approvals, permits, registrations, filings and other procedures necessary to effect the Equity or Assets Transfer.

1.6 Unless otherwise required under the PRC laws and regulations, the transaction price for the Equity Transfer or the Assets Transfer hereunder, as applicable, shall be the lowest price permitted under the PRC laws and regulations.

1.7 The consideration after tax payment (the "Consideration of Equity Transfer") obtained by the Shareholder from Equity Transfer in Party B hereunder shall be used to satisfy their repayment obligations under the Loan Agreement dated as of June 1, 2009, signed by and among, Party A and the Shareholder (the "Loan Agreement");

The consideration after tax payment (the "Consideration of Assets Transfer") by the Party B, if as applicable, from Assets Transfer hereunder shall be allocated to the Shareholder, to the largest extent as permitted by PRC laws and regulations, through profit allocation proposal and fulfill their payment obligations under the Loan Agreement, and Party B shall give full cooperation;

And if the Consideration of Equity Transfer or Assets Transfer is higher than the total principal under the Loan Agreement due to the requirement by the applicable law or any other reasons, the excess shall be deemed as loan interests and/or utilizing fees of the Loan to the largest extent being permitted by PRC Laws, and be paid to Party A by the Shareholder together with loan principal.

2. REPRESENTATIONS AND WARRANTIES

2.1 Each Party hereto represents to the other Parties that: (1) it has all the necessary rights, powers and authorizations to enter into this Agreement and perform its duties and obligations hereunder; and (2) the execution or performance of this Agreement shall not violate or conflict with the terms of any other contracts or agreements to which it is a party.

2.2 The Shareholder hereby represents to Party A that: (1) the Shareholder is the legally registered shareholder of party B and has paid full amount of registered capital in Party B as required to be contributed by the Shareholder under the PRC laws and regulations; (2) except for the Equity Pledge Agreement executed among the Parties, the Shareholder has not created any other mortgage, pledge, secured interests or other form of debt liabilities over the Equity Interests held by the Shareholder; and (3) the Shareholder has not transfer to any third party (and entered into any agreement in respect of) such Equity Interests.

- 2.3 Party B hereto represents to Party A that: (1) it is a limited liability company duly registered and validly existing under the PRC laws and regulations; and (2) its business operations are in compliance with applicable laws and regulations of the PRC in all material respects.

3. OBLIGATIONS OF PARTY B AND ALL SHAREHOLDER

The Parties further agree as follows:

- 3.1 Before Party A has acquired all the equity/assets of Party B by exercising the purchase option provided hereunder, Party B:
- a. without Party A's prior written consent, shall not supplement or amend the articles of association or rules of Party B in any manner, nor shall it increase or decrease the registered capital or change the shareholding structure of aforesaid entities in any manner;
 - b. shall prudently and effectively maintain its business operations according to good financial and business standards so as to maintain or increase the value of its assets;
 - c. shall not transfer, mortgage or otherwise dispose of the lawful rights and interests to and in its assets or incomes, nor shall it encumber its assets and income in any way that would affect Party A's security interests unless as required necessary for the business operation of Party B or upon prior written consent by Party A ;
 - d. shall not incur or succeed to any debts or liabilities without Party A's prior written consent;
 - e. without Party A's prior written consent, shall not enter into or materially amend any material contract (exceeding RMB 100,000 in value) except for the routine business contracts;
 - f. without Party A's prior written consent, shall not provide any loans or guaranty to any third party;
 - g. at Party A's request, it shall provide Party A with all information regarding Party B's business operation and financial condition;

- h. shall purchase insurance from insurance companies acceptable to Party A in such amounts and of such kinds as are customary in the region among companies doing similar business and having similar assets;
 - i. without Party A's prior written consent, shall not acquire or consolidate with any third party, nor shall they invest in any third party;
 - j. shall promptly notify Party A of any pending or threatened lawsuit, arbitration or administrative dispute which involve Party B's assets, business or incomes, and take positive measures against aforesaid lawsuits, arbitrations or administrative dispute;
 - k. without Party A's prior written consent, shall not distribute any dividends to the Shareholder in any manner, and, at Party A's request, shall promptly distribute all distributable dividends to the Shareholder of Party B;
 - l. without Party A's prior written consent, shall not commit any act or omission that would materially affect Party B's assets, business or liabilities;
 - m. at Party A's request, shall promptly and unconditionally transfer its assets to Party A or its designated third party as permitted by PRC laws and regulations;
 - n. shall strictly comply with the provisions of this Agreement, and effectively perform its obligations hereunder, and shall be prohibited from committing any act or omission which may affect the validity or enforceability of this Agreement.
- 3.2 Before Party A has acquired all the equity/assets of Party B by exercising the purchase option provided hereunder, the Shareholder:
- a. apart from relevant provisions in each of the Equity Pledge Agreements, without Party A's prior written consent, shall not transfer, sell, mortgage or otherwise dispose of the Equity Interests in Party B; nor shall the Shareholder places encumbrances on the Equity Interests that would affect Party A's interest hereunder and thereunder;
 - b. without Party A's prior written consent, shall not supplement or amend the articles of association or rules of Party B in any manner, nor shall it increase or decrease its registered capital or change the shareholding structure in any manner;
 - c. without Party A's prior written consent, shall not approve for the resolutions on the dissolution, liquidation and change of legal form of Party B;

Exclusive Purchase Option Agreement

- d. shall not approve for any Profit Distribution Proposal, nor shall accept such distributed dividend without Party A's written consent; At Party A's request, he shall promptly approve for the Profit Distribution Proposal, and accept such distributed dividend.
- e. at Party A's request, shall provide Party A with all information regarding Party B's business operation and financial condition;
- f. shall not incur or succeed to any debts or liabilities which may adversely affect its Equity Interests in Party B without Party A's prior written consent;
- g. shall appoint, and appoint only, the candidates nominated by Party A to be the executive director of Party B, and shall not replace such candidates without Party A's prior written consent;
- h. shall not approve any acquisition of, any consolidation with, or any investment in any third party without Party A's prior written consent;
- i. shall promptly notify Party A of any pending or threatened lawsuit, arbitration or administrative dispute which involve Party B's assets, business or incomes, and take positive measures against aforesaid lawsuits, arbitrations or administrative dispute;
- j. without Party A's prior written consent, shall not commit any act or omission that would materially affect Party B's assets, business or liabilities;
- k. to the extent permitted by the PRC laws and regulations, and at any time upon Party A's request, shall promptly and unconditionally transfer their Equity Interests in Party B to Party A or a third party designated by Party A;
- l. shall approve for the resolution in respect of the Equity Transfer or Assets Transfer hereunder within the extent permitted by the PRC laws;
- m. shall make every efforts to cause Party B perform the obligations of Section 3.1 hereunder; and
- n. shall strictly comply with the provisions of this Agreement, and effectively perform its obligations hereunder, and shall be prohibited from committing any act or omission which may affect the validity or enforceability of this Agreement.

3.3 The Shareholder shall, to the extent permitted by applicable laws, cause Party B's operational term (including the circumstance of change of business terms) to be extended to equal the operational term of Party A (including the circumstance of change of business terms).

4. GUARANTY OF THIS AGREEMENT

4.1 To secure the performance of the obligations assumed by the Shareholder and Party B hereunder, the Parties agree to execute the Equity Pledge Agreement with respect thereto.

5. TAXES AND FEES

5.1 The Parties shall pay, in accordance with relevant PRC laws and regulations, their respective taxes arising from Equity or Assets transfer and related registration formalities and other charges during the transactions contemplated herein and therein.

6. ASSIGNMENT OF AGREEMENT

6.1 Party B and the Shareholder shall not transfer the Shareholder's rights and obligations under this Agreement to any third party without the prior written consent of Party A.

6.2 The Shareholder and Party B agree that Party A shall have the right to transfer any or all of its rights and obligations under this Agreement to any third party upon a six(6)-day written notice to the Shareholder and Party B without approval by the Shareholder and Party B.

7. EVENTS OF DEFAULT

7.1 Any violation of any provision hereof, incomplete performance of any obligation provided hereunder, any misrepresentation made hereunder, material concealment or omission of any material fact or failure to perform any covenants provided hereunder by any Party shall constitute an event of default. The defaulting Party shall assume all the legal liabilities pursuant to the applicable PRC laws and regulations.

7.2 In the event of default by Party B or the Shareholder, Party A shall be entitled to exercise the Pledgee's right under the Equity Pledge Agreement in the event that Party B and Shareholder commit an event of default and fail to redress such default within sixty (60) business days upon receipt of written notification from Party A.

8. EFFECTIVENESS, MODIFICATION AND CANCELLATION

- 8.1 This Agreement shall be effective upon the execution hereof by all Parties hereto.
- 8.2 The modification of this Agreement shall not be effective without written agreement through negotiation. If the Parties could not reach an agreement, this Agreement remains effective.
- 8.3 This Agreement shall not be discharged or canceled without written agreement through negotiation, provided Party A may, by giving a thirty (30) days prior notice to the other Parties hereto, terminate this Agreement.

9. CONFIDENTIALITY

- 9.1 Any information, documents, data and all other materials (herein “confidential information”) arising out of the negotiation, signing, and implement of this Agreement, shall be kept in strict confidence by the Parties. Without the written approval by the other Parties, any Party shall not disclose to any third party any relevant materials, but the following circumstances shall be excluded:
 - a. The materials that is known by the Public (but not include the materials disclosed by each Party receiving the materials);
 - b. The materials required to be disclosed subject to the applicable laws or the rules or provisions of stock exchange; or
 - c. The materials disclosed by each Party to its legal or financial consultant relating the transaction of this Agreement, and this legal or financial consultant shall comply with the confidentiality set forth in this Section. The disclosure of the confidential materials by staff or employed institution of any Party shall be deemed as the disclosure of such materials by such Party, and such Party shall bear the liabilities for breaching the contract.
- 9.2 If this Agreement is terminated or becomes invalid or unenforceable, the validity and enforceability of Article 9 shall not be affected or impaired.

10. FORCE MAJEURE

- 10.1 An event of force majeure means an event that could not be foreseen, and could not be avoided and overcome, which includes among other things, but without limitation, acts of nature (such as earthquake, flood or fire), government acts, strikes or riots;
- 10.2 If an event of force majeure occurs, any of the Parties who is prevented from performing its obligations under this Agreement by an event of force majeure shall notify the other Parties without delay and within fifteen (15) days of the event provide detailed information about and notarized documents evidencing the event and take appropriate means to minimize or remove the negative effects of force majeure on the other Parties, and shall not assume the liabilities for breaching this Agreement. The Parties shall keep on performing this Agreement after the event of force majeure disappears.

11. APPLICABLE LAW AND DISPUTE RESOLUTION

11.1 Applicable Law

The execution, validity, construing and performance of this Agreement and the disputes resolution under this Agreement shall be governed by the laws and regulations of the PRC.

11.2 Dispute Resolution

The Parties shall strive to settle any dispute arising from or in connection with this Agreement through friendly consultation. In case no settlement can be reached through consultation within thirty (30) days after such dispute is raised, each party can submit such matter to Qingdao Arbitration Commission for arbitration in accordance with its rules. The arbitration shall take place in Qingdao. The arbitration award shall be final conclusive and binding upon the Parties.

12. MISCELLANEOUS

12.1 Entire Agreement

The Parties acknowledge that this Agreement constitutes the entire agreement of the Parties with respect to the subject matters therein and supersedes and replaces all prior or contemporaneous oral or written agreements and understandings.

12.2 Successor

This Agreement shall bind and benefit the successor of each Party and the transferee permitted hereunder with the same rights and obligations as if the original parties hereof.

12.3 Notice

Any notice required to be given or delivered to the Parties hereunder shall be in writing and delivered to the address as indicated below or such other address or as such party may designate, in writing, from time to time. All notices shall be deemed to have been given or delivered upon by personal delivery, fax and registered mail. It shall be deemed to be delivered upon: (1) registered air mail: 5 business days after deposit in the mail; (2) personal delivery: the next business day after transmission. If the notice is delivered by fax, it should be confirmed by original through registered air mail or personal delivery.

Party A

Contact person: Robin Smith

Address:

Tel:

Fax:

Party B

Contact person: Fu Wenyuan

Address: Room 2007 20/F, Qingyundangdai Building, No.9
Mantingfangyuan Community, Qingyun Li, Haidian District,
Beijing City

Tel:

Fax:

The Shareholder

Contact person: Fu Wenyuan

Address: No.27 Shandabei Road, Licheng District, Ji'nan City

Tel:

Fax:

12.4 Copies

This Agreement is executed in three (3) originals with each of the person for signing this Agreement holding one original, and each of the originals shall be equally valid and authentic.

12.5 Whenever the consent of Party A is required under this Agreement, such consent shall not be effective unless such consent is also provided by either the sole shareholder, or the Executive Director, or Party A.

[Signature page follows]

Exclusive Purchase Option Agreement

IN WITNESS THEREFORE, the parties hereof have caused this Agreement to be executed and delivered as of the date first written above.

Party A NeoStem (China), Inc. (Seal)

Legal Representative (or Authorized Representative):

/s/ Robin Smith

Party B Beijing Ruijieao Bio-Technology Ltd. (Seal)

Legal Representative (or Authorized Representative):

/s/ Fu Wenyan

The Shareholder

**Name of the
Shareholder**

Fu Wenyan

Signature

/s/ Fu Wenyan

Loan Agreement

By and between

The Shareholder of Beijing Ruijieao Bio-Technology Ltd.

and

NeoStem (China), Inc.

June 1, 2009

Loan Agreement

This Loan Agreement (this "Agreement") is executed by and between the following Parties on June 1, 2009, in Qingdao City, the People's Republic of China (the "PRC").

(1) Sole Shareholder of Beijing Ruijieao Bio-Technology Ltd. (hereinafter as the "Borrower" or "Party A"):

Name of Each Shareholder	Shareholding Ratio (%)	ID Card No.	Contact Address
Fu Wenyuan	100		No.27 Shandabei Road, Licheng District, Ji'nan City

(2) NeoStem (China), Inc. (hereinafter as the "Lender" or "Party B")

Legal Representative □ Robin Smith

Address : Room 0425A, Building C, No.6 XiangGangZhong Road, Shinan District, Qingdao City.

(Party A and Party B are collectively called "the Parties" and individually called "each Party" or "a Party" in this Agreement.)

WHEREAS:

(1) The Borrower (Party A) hold 100% of the equity interests in Beijing Ruijieao Bio-Technology Ltd. (the "Company");

(2) Party B is a wholly foreign-owned enterprise incorporated under the PRC laws;

(3) Party A desires to secure a loan from Party B, for the purpose of increasing the registered capital of the Company, by pledging its equity in the Company to Party B as a guaranty of the loan, and Party B agrees to provide the loan to Party A ;

NOW, THEREFORE, The Parties have agreed through friendly negotiation to the terms and conditions with respect to the loan hereunder as follows:

1. DEFINITION

Except where provided otherwise, the terms used in this Agreement shall mean:

1.1 "PRC" refers to the People's Republic of China, excluding the Hong Kong Special Administrative Region, Macao Special Administrative Region and Taiwan Province;

1.2 “PRC Laws” refers to all PRC laws, administrative regulations and government rules in effect;

1.3 “RMB” refers to the legal currency within the PRC;

1.4 “Loan” refers to the Total Principal to be loaned to the Borrower by the Lender in accordance with Article 2 hereunder;

1.5 “The Company” refers to Beijing Ruijieao Bio-Technology Ltd., a domestic company which is incorporated and validly existing under PRC Laws; its business license No. is 11010811860295, and its registered address is Room 2007 20/F, Qingyundangdai Building, No.9 Mantingfangyuan Community, Qingyun Li, Haidian District, Beijing City;

1.6 “Shareholder” refers to the sole Shareholders of the Company;

1.7 “Equity” or “Equity Interests” refers to the equity interests in the Company;

1.8 “Equity Transfer” refers to the assignment of Equity Interests in the Company held by Party A to Party B or its designated third party in accordance with the provisions of the exclusive purchase option agreement (the “Exclusive Purchase Option Agreement”) executed on June 1, 2009.

1.9 “Asset Transfer” refers to the assignment of the assets of the Company by the Company to Party B or its designated third party in accordance with the provisions of the Exclusive Purchase Option Agreement.

1.10 “Consideration for Equity Transfer” has the meaning set forth in Section 6 of this Agreement.

1.11 “Consideration for Assets Transfer” has the meaning set forth in Section 6 of this Agreement.

2. THE TOTAL LOAN AMOUNT

2.1 The total principal amount of the loan hereunder is RMB 100,000.00Yuan (the “Total Principal”), and the amount and ratio of the loan to be made to the Shareholder is as set forth in the following table:

Name of the Shareholder	Amount of the Loan (Yuan)	Percentage of Total Principal □%□
Fu Wenyan	100,000.00	100%

3. TERM OF THIS AGREEMENT

3.1 Unless otherwise provided, the term of this Agreement shall begin from the Effective Date and expire when the loan is completely repaid by the Borrower in accordance with the provisions of Article 6 hereunder.

4. LOAN USAGE

4.1 The full amount of the loan provided hereunder shall be used to increase the registered capital of the Company, and the Borrower shall in no event change the usage without the prior written consent of the Lender.

4.2 The Borrower shall cause the Company to complete the registration of the Company with the competent Administration Bureau of Industry and Commerce in respect of the increase in the registered capital of the Company within thirty (30) business days upon receipt of the Loan hereunder, and such period may be prolonged upon the consent of the Lender.

5. LOAN INTEREST

5.1 Except as provided in Section 5.2 hereunder, the Loan hereunder shall be interest-free.

5.2 If the Consideration for Equity Transfer or the Consideration for Asset Transfer, in accordance with Section 6 hereof, is higher than the Total Principal as a result of the requirements of then applicable law or for any other reason, the excess shall be deemed to be loan interest/utilizing fees of the Loan to the largest extent permitted by PRC Laws, and will be paid to Party B by Party A together with loan principal.

6. LOAN REPAYMENT

6.1 The Loan shall be repaid upon receipt of written notice sent by Party B to Party A (the "Repayment Notice"), which shall instruct Party A to repay the Loan in accordance with Section 6.3 hereof.

6.2 The Repayment Notice shall indicate the term of repayment, which shall be adjusted from time to time by Party B in accordance with the provisions of PRC Laws regarding equity transfers (the "Repayment Term").

6.3 Except as provided otherwise by the Repayment Notice, Party A shall make payment to Party B during the Repayment Term as follows:

- 6.3.1 In the event of any Equity Transfer by Party A, the after-tax consideration paid to Party A in exchange for such Equity Transfer (including the principal and interest of the loan, if applicable) (hereinafter as the "Consideration for Equity Transfer") shall be used by Party A to repay the Loan to Party B;

6.3.2 In the event that the Company receives consideration for any Asset Transfer, Party A shall cause the Company to adopt a plan of profit distribution to transfer all after-tax income of the Company to Party B to the greatest extent permitted by PRC Laws, in order to repay the loan made by Party B under this agreement.

6.4 If the Consideration for Equity Transfer or Consideration for Asset Transfer is lower than the total principal under this Agreement, Party A shall be exempted from the shortfall repayment obligation.

7. CONDITIONS FOR GRANTING OF THE LOAN

7.1 The loan shall be granted only upon satisfaction of all the following conditions:

7.1.1 Party A shall approve increasing the registered capital by an amount equal to the Total Principal.

7.1.2 Party A, or the Company on behalf of Party A, shall execute all documents necessary for the registration with the competent Administration Bureau of Industry and Commerce in respect of the increase of registered capital of the Company.

7.2 Party B shall grant the Loan immediately and deposit it in the escrow account as agreed by Party B for increasing the registered capital of the Company after it receives written evidence which proves that Party A has fulfilled all the conditions under Section 7.1 hereof.

8. WARRANTIES AND UNDERTAKINGS

8.1 Party A hereby represents and warrants to Party B that, as of the execution date of this Agreement:

8.1.1 Party A legally holds 100% of the Equity in the Company;

8.1.2 Except as otherwise provided in the Equity Pledge Agreement and Exclusive Purchase Option Agreement, there is no pledge or other form of encumbrance on the Equity;

8.1.3 There are no material debts which will adversely affect the Equity of Party A;

8.1.4 Execution of this Agreement by Party A shall not constitute a breach of the articles of association of the Company.

8.2 Party A warrants to Party B that, as of the execution date of this Agreement:

- 8.2.1 Except as otherwise provided in the Equity Pledge Agreement and Exclusive Purchase Option Agreement, without Party B's prior written consent, Party A shall not transfer, sell, mortgage or otherwise dispose of assets or income of the Company;
- 8.2.2 Without Party B's prior written consent, Party A shall not supplement or amend the articles of association or rules of the Company, nor shall it increase or decrease the registered capital or change the shareholding structure of the Company in any manner;
- 8.2.3 Without Party B's prior written consent, Party A shall not approve the resolutions for the Company to dissolve, liquidate or change legal form;
- 8.2.4 Without Party B's prior written consent, Party A shall not approve any Profit Distribution Proposal, nor shall he accept such a distributed dividend; and at Party B's request, Party A shall promptly approve a Profit Distribution Proposal and accept such a distributed dividend;
- 8.2.5 At Party B's request, Party A shall provide Party B with all information regarding Party B's business operations and financial condition;
- 8.2.6 Without Party B's prior written consent, Party A shall not incur or succeed to any debts or liabilities which may adversely affect its Equity Interests;
- 8.2.7 Party A shall appoint, and appoint only, the candidates nominated by Party B to be the executive director of the Company, and shall not replace such candidates without Party B's written consent;
- 8.2.8 Without Party B's prior written consent; Party A shall not approve any acquisition of, any consolidation with, or any investment in any third party;
- 8.2.9 Party A shall promptly notify Party B of any pending or threatened lawsuit, arbitration or administrative dispute which involves the assets, business or income of the Company; and shall make every effort to take action to resolve such lawsuit, arbitration or administrative dispute in order to safeguard the legal rights and interests of the Company;
- 8.2.10 Without Party B's prior written consent, Party A shall not commit any act or omission that would materially affect the Company's assets, business or liabilities;
- 8.2.11 Party A shall strictly comply with the provisions of this Agreement, and effectively perform its obligations hereunder, and shall be prohibited from committing any act or omission which may affect the validity or enforceability of this Agreement.

8.3 Party A warrants to Party B that it shall use its best efforts to ensure that the Company:

- 8.3.1 shall not, without Party B's prior written consent, supplement or amend the articles of association or rules of the Company in any manner, nor shall it increase or decrease the registered capital or change the shareholding structure of the aforesaid entities in any manner;
- 8.3.2 shall prudently and effectively maintain its business operations according to good financial and business standards so as to maintain or increase the value of its assets;
- 8.3.3 shall not transfer, mortgage or otherwise dispose of the lawful rights and interests to and in its assets or incomes, nor shall it encumber its assets and income in any way that would affect Party B's security interests unless as required for the business operations of the Company or upon prior written consent by Party B;
- 8.3.4 shall not incur or succeed to any debts or liabilities without Party B's prior written consent;
- 8.3.5 without Party B's prior written consent, shall not enter into or materially amend any material contract (exceeding RMB 100,000 in value), except for the routine business contracts;
- 8.3.6 without Party B's prior written consent, shall not provide any loans or guaranty to any third party;
- 8.3.7 at Party B's request, shall provide Party B with all information regarding the Company's business operation and financial condition;
- 8.3.8 without Party B's prior written consent, shall not acquire or consolidate with any third party, nor shall it invest in any third party;
- 8.3.9 shall promptly notify Party B of any pending or threatened litigation, arbitration or administrative dispute which involves the assets, business or income of the Company; and shall make every effort to take action to resolve such litigation, arbitration or administrative dispute in order to safeguard the legal rights and interests of the Company;
- 8.3.10 without Party B's prior written consent, shall not distribute any dividends to the Shareholder in any manner, and, at Party B's request, shall promptly distribute all distributable dividends to the Shareholder;
- 8.3.11 without Party B's prior written consent, shall not commit any act or omission that would materially affect the Company's assets, business or liabilities.

9. GUARANTY OF THE LOAN

9.1 To secure the repayment of the debts under this Agreement, Party A agrees to pledge all his equity in the Company to Party B, and both Parties agree to execute the Equity Pledge Agreement with respect thereto.

10. TAX AND EXPENSE

10.1 The Parties shall pay their respective taxes and expenses in relation to the execution and performance hereof in accordance with PRC Laws.

10.2 Party B shall pay taxes and expenses in accordance with Section 6.4 hereof (if applicable).

11. ASSIGNMENT OF AGREEMENT

11.1 Party A shall not transfer any or all of its rights and obligations under this Agreement to any third party without the prior written consent of Party B.

11.2 The Parties agree that Party B shall have the right to transfer any or all of its rights and obligations under this Agreement to any third party upon a six (6) days' written notice to Party A without approval by Party A.

12. LIABILITIES AND INDEMITIES FOR BREACH OF THIS AGREEMENT

12.1 If Party A uses the Loan other than in compliance with the terms of this Agreement without Party B's written consent, Party B shall require Party A repay the improperly used part promptly.

12.2 If Party A breaches the warranties and undertakings as provided in Article 8 hereof or other provisions under this Agreement and fails to redress such breach within sixty (60) days upon receipt of written notice from Party B, Party B shall be entitled to require Party A to repay the granted Loan promptly.

12.3 If Party A fails to duly repay the Loan in accordance with the provisions hereunder, then Party A shall pay the liquidated damage per day equal to 0.03% of the unpaid Consideration which falls due; if any delay of payment amounts to sixty (60) days, then Party B shall be entitled to exercise the right of pledge under the Equity Pledge Agreement.

13. EFFECTIVENESS, MODIFICATION AND CANCELLATION

13.1 This Agreement shall take effect on the date of execution hereof by Party A and the duly authorized representative of Party B.

13.2 The modification of this Agreement shall not be effective without written agreement through negotiation. If the Parties do not reach an agreement as to modification, this Agreement remains effective.

13.3 This Agreement shall not be discharged or canceled without written agreement through negotiation, provided that Party B may, by giving thirty (30) days' prior notice to Party A, terminate this Agreement.

13.4 Unless Party B fails to grant the Loan as required hereunder after the satisfaction of all conditions as set forth in Section 7.1 hereof by Party A, Party A shall in no event unilaterally terminate this Agreement.

13.5 If Party B fails to provide the Loan in accordance with the terms hereof, this Agreement shall be automatically terminated.

14. CONFIDENTIALITY

14.1 Any information, documents, data and all other materials (herein "confidential information") arising out of the negotiation, signing, and implementing of this Agreement shall be kept in strict confidence by the Parties. Without the written approval of the other Parties, no Party shall disclose to any third party any relevant materials, but the following circumstances shall be excluded:

- (1) Material that is known by the Public (but not including material disclosed by each Party receiving the materials);
- (2) Material required to be disclosed subject to the applicable laws or the rules or provisions of a stock exchange; or
- (3) Material disclosed by each Party to its legal or financial consultant relating to the transaction of this Agreement, and this legal or financial consultant shall comply with the confidentiality set forth in this Section. The disclosure of confidential material by staff or a consignee of any Party shall be deemed to be disclosure of such materials by such Party, and such Party shall bear the liabilities for breaching the contract.

14.2 This Clause shall survive whether this Agreement is invalid, amended, revoked, terminated or incapable of implementation for any reason.

15. FORCE MAJEURE

15.1 "Force Majeure" refers that any event that could not be foreseen, and could not be avoided and overcome, which includes among other things, but without limitation, acts of nature (such as earthquakes, flood or fire), government acts, strikes or riots.

15.2 If an event of force majeure occurs, any of the Parties that is prevented from performing its obligations under this Agreement by an event of force majeure shall notify the other Party without delay and within fifteen (15) days of the event provide detailed information about and notarized documents evidencing the event, shall take appropriate means to minimize or remove the negative effects of force majeure on the other Party and shall not assume the liabilities for breaching this Agreement. The Parties shall continue performing this Agreement after the event of force majeure disappears.

16. GOVERNING LAW AND DISPUTE RESOLUTION

16.1 The effectiveness, interpretation, implementation and dispute-resolution related to this Agreement shall be governed under PRC Laws.

16.2 Any dispute arising out of this Agreement shall be resolved by both Parties through mutual negotiation. If both parties cannot reach an agreement within thirty (30) days from the date on which the dispute is brought forward, either Party may submit the dispute to the Qingdao Arbitration Commission for arbitration under its applicable rules. The arbitration award shall be final and binding upon both Parties.

16.3 During the process of dispute-resolution, both parties shall continue to perform other terms under this Agreement, except for the provisions subject to the dispute resolution.

17. MISCELLANEOUS

17.1 The Parties acknowledge that this Agreement constitutes the entire agreement of the Parties with respect to the subject matters herein and supersedes and replaces all prior or contemporaneous oral or written agreements and understandings.

17.2 This Agreement shall bind and benefit the successor of each Party and any transferee permitted hereunder with the same rights and obligations as if such successor or transferee were an original party hereto.

17.3 Any notice required to be given or delivered to the Parties hereunder shall be in writing and delivered to the address as indicated below or such other address or as such party may designate, in writing, from time to time. All notices shall be delivered by personal delivery, fax or registered mail. It shall be deemed to be delivered upon: (1) registered air mail: 5 business days after deposit in the mail; (2) personal delivery: the next business day after transmission. If the notice is delivered by fax, it should be confirmed by original through registered air mail or personal delivery:

Party A:

Contact person: Fu Wenyuan

Address: No.27 Shandabei Road, Licheng District, Ji'nan City

Tel: Fax:

Party B:

Contact person: Robin Smith

Address:

Tel: Fax:

17.4 This Agreement is executed in two (2) originals with each of the person for signing this Agreement holding one original, and each of originals shall be equally valid and authentic.

17.5 Whenever the consent of Party B is required under this Agreement, such consent shall not be effective unless such consent is also provided by either the sole shareholder, or the Executive Director, of Party B.

[Signature page follows]

IN WITNESS THEREFORE, the parties hereto have caused this Agreement to be executed and delivered as of the date first above written.

For and on behalf of

Party A The Shareholder of Beijing Ruijieao Bio-Technology Ltd.

Name of the Shareholder

Fu Wenyuan

Signature

/s/ Fu Wenyuan

Party B NeoStem (China), Inc. (Seal)

Legal Representative (or Authorized Representative):

Signature /s/ Robin Smith