



STEMCELL UNITED LIMITED
ACN 009 104 330

19 January 2023

Proposed Capital Raising, Board Changes and Company Update

Stemcell United Limited (ASX: SCU) ("SCU" or the "Company"), a plant-based biotechnology company, wishes to provide an update to shareholders on the Company's reinstatement progress and capital raising opportunities.

Capital Raising Update

As announced on 21 December 2022, the Company plans to undertake a placement to sophisticated and professional investors during January 2023 to raise the necessary funds to satisfy ASX's conditions for the Company's reinstatement.

SCU has engaged Sanlam to act as sole lead manager for this placement.

SCU is seeking to raise up to \$1.025m by way of a share placement and is aiming to complete the capital raising by end January 2023.

Business activities update

Activating Dendrobium sales opportunities following China re-opening

China's recent re-opening of the economy from its Covid-19 lockdowns and restrictions of movement will provide opportunities for SCU to reactivate the Dendrobium and Resina product sales channels and the Hemp related joint ventures.

SCU has commenced preparing to activate sales and marketing channels for its Dendrobium infused birds nest and bird nest products business in China.

SCU's team has been working with China Tobacco in relation to supplying small quantities of Dendrobium infused birds nest products via China Tobacco's outlets in Guangzhou to test the market response to the product. In addition, SCU has undertaken test marketing of the products via social media influencers on Douyin, the China version of Tiktok.

The feedback from these initial test sales and marketing activities has been positive, and SCU plans to activate marketing and distribution of the birds nest products on a broader scale throughout China during H1 of 2023.

Seaweed activities

SCU provides the following updates in relation to its seaweed based activities:

1. SCU has received notification from the Singapore Food Authority (SFA) that its joint venture company, SCU-RY Farm Pte Ltd, has been approved for a fish culture farm licence at the seaweed island aquaculture farm facility.
2. The SFA has agreed to grant SCU a 3-year extension of the lease for SCU's seaweed research facilities housed in Singapore's Marine Aquaculture Centre on St John's Island in Singapore. This will support SCU's continuing R&D into seaweed-based topical and ingestible products for TCM – based health outcomes.
3. As previously announced, SCU has been provided with a sub-lease by the Western Australian Government for lots 3 and 4 in the Broome Tropic Aquaculture Park. The terms of the sub-lease have been agreed in principle. SCU is now awaiting confirmation from the Government that there is a full environmental clearance regarding SCU's proposed activities on the site.

SCU have been in ongoing discussions with Regional Development Victoria to explore the Portland Aquaculture Fisheries Reserve offshore site and onshore sites in Portland, Victoria. SCU understands that the EOI application process for Corio and Port Phillip Bay in Victoria were placed on hold during the State election and will recommence in early 2023. SCU intends to progress these Victorian based seaweed opportunities following reinstatement.

SCU's efforts on the Victorian and Western Australian based projects underscores SCU's belief in the significant potential for seaweed cultivation, harvesting and processing in Australia.

4. SCU notes that Dr Koh Poh Koon, Senior Minister of State of the Ministry of Sustainability and the Environment of Singapore, made statements in Parliament earlier this month that the Singapore government does not currently have plans to allocate sea space for seaweed production, but nevertheless is prepared to consider proposals from the industry on new food types, including seaweed, that will help meet the goals of producing 30% of Singapore's nutritional needs locally and sustainably by 2030.

SCU does not consider the Minister's statement shall have a negative impact on its seaweed sector business objectives as SCU's primary focus is utilising its cultivation methods and nutraceutical extraction technologies to extract proteins, polysaccharides and bioactive ingredients from seaweed for infusion into topical creams and foods for TCM – based health outcomes. This does not require large-scale cultivation and can be undertaken on seaweed grown by SCU on its multitrophic aquaculture platform in its current joint venture with Rong Yao Fisheries, at international seaweed sites (such as potential Australian sites it is evaluating) or on raw seaweed sourced from third parties.

Importantly, SCU's seaweed island project is a multitrophic aquaculture platform which aims to simulate the natural environment for a mutualism relationship between sea animals (fishes, crustaceans) and sea plants (sea weeds) for sustainable growing. SCU's research indicates that the combination of seaweed and fish cultivation in the same area is advantageous for seaweed nutraceutical content and subsequent extraction (as opposed to solely cultivating seaweed in

a farm space). The Company believes growing seaweed together with fishes will sustainably promote the growth rate of both species while not taking up additional sea space.

Proposed Board and Management changes

The Company also wishes to advise that following completion of the capital raising and confirmation that the Company has satisfied ASX's conditions for reinstatement, the following Board and management changes are planned to occur:

1. Mr Philip Gu will step down as CEO of the Company but shall remain as a director of the Company focused on guiding the Science and R&D for the Company's traditional medicine business together with its plant stem cell technology;
2. Mr Matthew Leonard will join the Board as an executive director with his role focused on business operations and business development.

Matthew is an accomplished business development professional with significant experience working in both Australia and Singapore. Matthew has provided consultancy services to SCU over the past 18 months, and through this role he has developed a strong understanding of SCU's assets and commercial activities throughout Asia and Australia. Matthew has also been closely involved with the Company's engagement with government bodies such as Invest Victoria and the Western Australian government in relation to the Company's proposed Australian-based seaweed projects.

Matthew's remuneration will be \$120,000 per annum plus super.

3. Mr Francesco Cannavo, who is currently a non-executive director of the Company, will transition to a part-time executive director role to provide further input and direction on the commercial activities of SCU in Australia.
4. Mr Chow Yee Koh will step down as a director of the Company but shall remain employed in his current position as the Company's CFO.

The Company shall provide shareholders a further update on its progress with the capital raising and the ASX reinstatement process in due course.

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Authorised for lodgement by the Board of the Company.

For further information, please visit the SCU website at www.scu.com.sg or contact:

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About Stemcell United Limited

Stemcell United Limited (ASX: SCU) is an Asia-Pacific plant-based biotechnology company that is building a food, nutrition, healthcare, cosmetics and personal care business based on plants found in the region, using its proprietary plant genetics and stem cell technology to refine the propagation and cultivation process. SCU's lead programs involve hemp (which has been cultivated in Asia for millennia), tapping into the medicinal attributes of its cannabidiol (CBD) constituent; and sea grapes (or "green caviar"), a tropical aquatic vegetable native to many parts of the Indo-Pacific coast and a staple delicacy in Japan and regions of south-east Asia; and the processing of these crops to make a wide range of products and additives for the global nutrition, healthcare, cosmetics, beauty, personal care and veterinary markets.

Stemcell United is the first foreign company allowed access to the huge China hemp market, while in sea grapes and seaweed, SCU is building a mass-cultivation aquaculture capability in Singapore, with an integrated manufacturing capacity for high-value products. SCU is also leveraging its environmentally friendly technology to develop medicinal, health, beauty and anti-ageing applications of several other plants that are familiar components of traditional Chinese medicine (TCM). Also, SCU has successfully commercialised the processing and production of pharmaceutical grade Resina Draconis product for Asia.