

**STEMCELL UNITED LIMITED
(ACN 009 104 330)**

Entitlements Issue Offer

For the non-renounceable entitlements issue to Eligible Shareholders of New Shares on the basis of 1 New Share for every 5 Shares held on the Record Date of 19 January 2018, at an issue price of \$0.02 per New Share, for the purpose of raising up to approximately \$1,664,150.

The Offer is underwritten by Cove Capital Pty Ltd and Jiangmen Jinxin Yongkang Health Food Co. Ltd. Please refer to section 8 of this Offer Document for further details regarding the Underwriting Agreements.

THE ENTITLEMENTS ISSUE CLOSSES AT 5PM AEDT ON 13 FEBRUARY 2018.

This Offer Document is not a prospectus and does not contain all of the information that an investor would find in a prospectus or which may be required in order to make an informed investment decision or about the rights attaching to the New Shares offered. This Offer Document is important and requires your immediate attention. It should be read in its entirety before deciding to participate. If you are in doubt as to whether to accept your Entitlement, you should consult your stockbroker or other professional adviser.

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1. IMPORTANT NOTICES AND STATEMENTS

1.1 General

This Offer Document is dated 16 January 2018 and was lodged with the ASX on this date.

An application for the New Shares will only be accepted on the Entitlement and Acceptance Form accompanying this Offer Document.

This Offer Document is not a prospectus and does not contain all of the information that an investor would find in a prospectus or which may be required in order to make an informed investment decision or about the rights attaching to the New Shares offered.

This Offer Document does not constitute an offer or invitation in any place in which, or to any person to whom it would not be lawful to make such an offer or invitation. The distribution of this Offer Document in jurisdictions outside Australia, New Zealand, China, Hong Kong, Malaysia, Singapore and Taiwan may be restricted by law and persons who come into possession of this Offer Document should seek advice on and observe any such restrictions. Any failure to comply with such restrictions may constitute a violation of applicable securities laws.

No person is authorised to give any information or to make any representation in connection with the Offer which is not contained in this Offer Document. Any information or representation not so contained may not be relied upon as having been authorised by the Company in connection with the Offer.

By submitting an Entitlement and Acceptance Form, you will be providing personal information to the Company (directly or via the Share Registry). The Company collects, holds and will use that information to assess your Application. The information may also be used from time to time and disclosed to persons inspecting the register, bidders for your securities in the context of takeovers, regulatory bodies, including the Australian Taxation Office, authorised securities brokers, print service providers, mail houses and the Share Registry.

You can access, correct and update the personal information that is held about you. If you wish to do so please contact the Share Registry at the relevant contact numbers set out in this Offer Document.

Collection, maintenance and disclosure of certain personal information is governed by legislation including the *Privacy Act 1988 (Cth)* (as amended), the Corporations Act and certain rules such as the ASX Settlement Operating Rules. You should note that if the information required on the Entitlement and Acceptance Form is not provided, the Company may not be able to accept or process your Application.

1.2 Key Definitions

Capitalised terms used in this Offer Document are defined in section 9 of this Offer Document.

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2. LETTER FROM THE CHAIRMAN

16 January 2018

Dear Shareholder

On behalf of the Board, I am pleased to invite you to participate in this Entitlements Issue. This Entitlements Issue provides you with the opportunity to maintain your equity interest in the Company, and to participate in the continued growth of the Company.

Under the Entitlements Issue, Eligible Shareholders are invited to apply for 1 New Share for every 5 Shares held on the Record Date of 19 January 2018 at an issue price of \$0.02 per New Share. If the Entitlements Issue is fully subscribed, the Company will issue 83,207,534 New Shares (assuming no Options are exercised prior to the Record Date) and raise approximately \$1,664,150 before costs.

The Offer is fully underwritten by Cove Capital Pty Ltd and Jiangmen Jinxin Yongkang Health Food Co. Ltd.

Section 5.6 of this Offer Document outlines the effect of the Offer on control of the Company in different scenarios.

The Company intends to use funds raised under the Entitlements Issue to:

- (a) develop the existing businesses and explore of new opportunities in the Traditional Chinese Medicine (**TCM**) business and plant technologies, such as in the field of TCM cannabis*;
- (b) fund general working capital and administrative expenses; and
- (c) fund the expenses of the Offer.

* The new opportunities in TCM and plant technologies in the field of TCM cannabis may result in ASX exercising its discretion under Listing Rules 11.1.2 and 11.1.3 which would require shareholder approval and re-compliance with ASX's admission and quotation requirements under Chapters 1 and 2 of the Listing Rules.

Details of the Entitlements Issue are set out in this Offer Document and I encourage you to read the Offer Document in its entirety before making your investment decision. A summary of risk factors that you should consider in applying for New Shares is set out in section 7.

Finally, on behalf of the Board I thank you for your continued support of the Company and encourage you to take up your Entitlements under the Entitlements Issue.

Yours faithfully

Ms Jamie Khoo
Non-Executive Chairman
Stemcell United Limited

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3. BRIEF INSTRUCTIONS FOR SHAREHOLDERS

3.1 If you wish to accept your Entitlement in full:

- pay the amount indicated on your Entitlement and Acceptance Form via BPAY® using the BPAY® code and personalised reference number indicated so that the funds are received before 5pm (AEDT) on the Closing Date. If you are paying by BPAY® you do not need to return your Entitlement and Acceptance Form; or
- complete the Entitlement and Acceptance Form, filling in the details in the spaces provided and attach your cheque for the amount indicated on your Entitlement and Acceptance Form.

3.2 If you only wish to accept part of your Entitlement:

- pay the amount you wish to accept (being less than your Entitlement as specified on the Entitlement and Acceptance Form) via BPAY® using the BPAY® code and personalised reference number indicated so that the funds are received before 5pm (AEDT) on the Closing Date. If you are paying by BPAY® you do not need to return your Entitlement and Acceptance Form; or
- complete the Entitlement and Acceptance Form, filling in the details in the spaces provided and attach your cheque for the amount indicated on your Entitlement and Acceptance Form.

3.3 If you do not wish to accept all or part of your Entitlement

If you do not wish to accept all or part of your Entitlement, you are not obliged to do anything.

If Eligible Shareholders do not take up their entitlement, their existing interest in the Company will be diluted. Please refer to section 5.6 of this Offer Document.

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4. KEY INFORMATION

4.1 Summary of the Offer

| | |
|---------------------------------------------------------------------------------|--------------------------------------------------------|
| Entitlement | 1 New Share for every 5 Shares held on the Record Date |
| Number of Shares on issue as at the date of this Offer Document | 416,037,672 |
| Number of New Shares to be issued under the Offer assuming full subscription | 83,207,534 |
| Number of Shares on issue on completion of the Offer assuming full subscription | 499,245,206 |
| Issue price per New Share | \$0.02 |
| Maximum amount to be raised under the Offer | \$1,664,150 (before costs) |

4.2 Indicative Timetable*

| | |
|-----------------------------------------------------------------------------------------|---------------------------------|
| Release of Offer Document, Entitlements Issue Appendix 3B & section 708AA Notice to ASX | 16 January 2018 |
| Letter to Shareholders | 16 January 2018 |
| Letter to Optionholders | 16 January 2018 |
| "Ex" Date | 18 January 2018 |
| Record Date | 5 pm (AEDT) 19 January 2018 |
| Despatch Offer Document and Entitlement and Acceptance Form to Eligible Shareholders | 23 January 2018 |
| Offer Opening Date | 23 January 2018 |
| Last day to extend Offer Closing Date | 8 February 2018 |
| Offer Closing Date | 5 pm (AEDT) 13 February 2018 |
| Securities quoted on a deferred settlement basis | 14 February 2018 |
| ASX notified of under subscriptions | 15 February 2018 |
| Issue of New Shares under Entitlements Issue | 16 February 2018 |
| Normal ASX trading for New Shares commences | 20 February 2018 |
| Deadline for placement of remaining Shortfall Shares | 13 May 2018 |

***These dates are indicative only. The Directors reserve the right to vary the key dates without prior notice, subject to the Corporations Act and the Listing Rules. The commencement of quotation of new securities is subject to confirmation from the ASX.**

5. DETAILS OF THE ENTITLEMENTS ISSUE

5.1 The Offer

This Offer Document invites Eligible Shareholders to participate in a pro-rata non renounceable Entitlements Issue of up to 83,207,534 New Shares (assuming no Options are exercised prior to the Record Date) in the Company on the basis of 1 New Share for every 5 Shares held on the Record Date, at an issue price of \$0.02 per New Share, for the purpose of raising up to approximately \$1,664,150 before costs.

Any fractional Entitlements to New Shares will be rounded up to the nearest whole number in calculating each Eligible Shareholder's entitlement to New Shares.

The proposed use of funds raised under the Offer, assuming full subscription, is set out below:

| Description | (\$) | % of proceeds |
|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------|---------------|
| Develop the existing businesses and explore of new opportunities in the Traditional Chinese Medicine ("TCM") business and plant technologies, such as in the field of TCM cannabis | 1,000,000 | 60% |
| Fund general working capital and administrative expenses | 534,150 | 32% |
| Fund the expenses of the Offer | 130,000 | 8% |
| Total | 1,664,150 | 100% |

The table above is a statement of the Company's current intentions as at the date of this Offer Document. However, Shareholders should note that, as with any budget, the allocation of funds may change depending on a number of factors including outcome of operational and development activities, regulatory developments, market and general economic conditions and environmental factors. The Board therefore reserves the right to alter the way the funds are applied.

5.2 No rights trading and no additional Entitlement

The rights to New Shares under the Offer are non-renounceable. Accordingly, there will be no trading of rights on ASX and you may not dispose of your rights to subscribe for New Shares under the Offer to any other party. There is no ability to subscribe for more than your allocated Entitlement. If you do not take up your Entitlement to New Shares under the Offer by the Closing Date, your Entitlement will lapse.

5.3 Underwriting

The Offer is fully underwritten by Cove and Jiangmen.

All valid applications for New Shares pursuant to this Offer Document received by the Company, from all sources, will be deemed to have been accepted in full by the Company and will go in relief of the obligations of Cove and Jiangmen under the respective Underwriting Agreements.

The Company has agreed to pay:

- (a) Cove an underwriting fee of approximately \$33,207 (excluding GST) (being 5% of the value of the underwritten amount of \$664,150) as consideration for its underwriting obligation in accordance with the Cove Underwriting Agreement; and
- (b) Jiangmen an underwriting fee of approximately \$50,000 (excluding GST) (being 5% of the value of the underwritten amount of \$1,000,000) as consideration for its underwriting obligation in accordance with the Jiangmen Underwriting Agreement,

(together, the **Underwriting Fee**).

Please refer to section 5.6 of this Offer Document for a description of the potential impact of the Offer on control of the Company and to section 8 of this Offer Document for a summary of the material terms and conditions of the Underwriting Agreements.

5.4 Effect of the Offer on the Company's Capital Structure

The capital structure of the Company following completion of the Entitlements Issue, assuming all Entitlements are accepted in full and no Options are exercised prior to the Record Date, is set out below:

| | |
|------------------------------------------------------------------------------------------------|-------------|
| Number of Shares on issue as at the date of this Offer Document | 416,037,672 |
| Number of New Shares offered under the Entitlements Issue | 83,207,534 |
| Total number of Shares on issue on completion of Entitlements Issue assuming full subscription | 499,245,206 |
| Number of unlisted Options on issue as at the date of this Offer Document | 2,000,000 |

No new Options are being offered under the Entitlements Issue. Options do not entitle the holder to participate in the Entitlements Issue, however any Shares issued on exercise of Options prior to the Record Date will carry entitlements to participate in the Entitlements Issue. The exercise prices of the Options are 20 cents. The Board considers it reasonable to assume that none of the Options will be exercised prior to the Record Date given the Company's closing Share price on 15 January 2018 was \$0.053 (5.3 cents).

5.5 Dilution

If Eligible Shareholders do not take up their full Entitlements under the Entitlements Issue, then the interests of those Eligible Shareholders will be diluted.

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The proportional interests of any ineligible Shareholders will be diluted because those ineligible Shareholders are not entitled to participate in the Entitlements Issue.

Assuming no existing Options are exercised prior to the Record Date, the maximum number of Shares which will be issued pursuant to the Entitlements Issue is 83,207,534. This equates to approximately 16.7% of all the issued Shares in the Company following the completion of the Entitlements Issue (assuming that no Options are exercised prior to that date).

As the Entitlements Issue is fully underwritten, Shareholders should note that if they do not participate in the Entitlements Issue, their holdings will be diluted by up to a maximum of approximately 16.7% (as compared to their holdings and number of Shares on issue as at the Record Date).

In the event that there is a 100% shortfall and the Underwriters are required to subscribe for all of the Entitlements not taken up by Shareholders, the Relevant Interest of the Underwriters will be approximately 8.33% for each of the two Underwriters. The Underwriters are not related parties of the Company.

The Underwriters' present Relevant Interests and changes under several scenarios are set out in the table below:

| Event in relation to the Offer | Number of Shares in which Cove has a Relevant Interest | Voting Power of Cove | Number of Shares in which Jiangmen has a Relevant Interest | Voting Power of Jiangmen (%) |
|--------------------------------|--------------------------------------------------------|----------------------|------------------------------------------------------------|------------------------------|
| Date of Offer Document | Nil | Nil | Nil | Nil |
| 100% subscribed (no Shortfall) | Nil | Nil | Nil | Nil |
| 75% subscribed (25% Shortfall) | 10,400,941 | 2.08% | 10,400,941 | 2.08% |
| 50% subscribed (50% Shortfall) | 20,801,883 | 4.17% | 20,801,883 | 4.17% |
| 25% subscribed (75% Shortfall) | 31,202,825 | 6.25% | 31,202,825 | 6.25% |
| 0% subscribed (100% Shortfall) | 33,207,500 | 6.65% | 50,000,000 | 10.02% |

Notes:

1. This assumes that Cove and Jiangmen apply for the Shortfall in equal proportions, except in relation to the 100% Shortfall scenario in which Cove would apply for 33,207,500 Shares and Jiangmen would apply for 50,000,000 Shares.

2. This analysis does not take into account any sub-underwriting commitments that are received by the Underwriters or the impact of any Shortfall placement process described in Section 5.11.

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At the date of this Offer Document, the Company's largest Shareholder (Mr Philip Gu Huanqing) does not intend to accept all of his Entitlement. Based on the intentions of the Directors at the date of this Prospectus in relation to the Offer, and assuming that no Options are exercised prior to the Record Date, Mr Philip Gu Huanqing will have the following interests in Shares as at the Closing Date:

| Director | Shares held | Options held |
|-----------------------|-------------|--------------|
| Mr Philip Gu Huanqing | 105,000,000 | Nil |

The implementation of Mr Philip Gu Huanqing's current intentions in relation to his ownership interest in the Company will be subject to the applicable regulation (including the Corporations Act), the Listing Rules and the Company's constitution.

In addition, Shareholders should note that if they do not participate in the Offer, their holdings are likely to be diluted by approximately 16.7% (as compared to their holdings and number of Shares on issue as at the date of the Offer Document). Examples of how the dilution may impact Shareholders are set out in the table below.

| Holding as at Record Date | % at Record Date | Entitlement under the Offer | Holding if Offer not taken up | % post completion of the Offer |
|---------------------------|------------------|-----------------------------|-------------------------------|--------------------------------|
| 10,000,000 | 2.40 | 2,000,000 | 10,000,000 | 2.00 |
| 5,000,000 | 1.20 | 1,000,000 | 5,000,000 | 1.00 |
| 1,500,000 | 0.36 | 300,000 | 1,500,000 | 0.30 |
| 400,000 | 0.10 | 80,000 | 400,000 | 0.08 |
| 50,000 | 0.01 | 10,000 | 50,000 | 0.01 |

5.6 Effect of the Offer on control of the Company

If all Eligible Shareholders (other than Mr Philip Gu Huanqing) take up their full Entitlements, there would be no significant effect on the control of the Company, as the Offer is made pro-rata and in that case no rights would lapse or revert to the Underwriters or the Shortfall placement process described in Section 5.11.

As the Company does not propose to apply to ASIC for approval of the appointment of a nominee for the purposes of section 615 of the Corporations Act, the Company will endeavour to ensure that no person will be permitted to acquire a Relevant Interest in issued Voting Shares in the Company that increases their, or someone else's, Voting Power in the Company either: (i) from 20% or below to more than 20%, or (ii) from a starting point that is above 20% and below 90%.

Those Shareholders holding an interest in 5% or more of the Shares on issue as at the date of this Offer Document are as follows:

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| Name | Number of Shares | Percentage of Shares |
|-----------------------|------------------|----------------------|
| Mr Philip Gu Huanqing | 105,000,000 | 25.20% |
| Ms Jian Fang Wang | 37,500,000 | 9.01% |
| Mr Henry Chun Fung Ko | 33,361,476 | 8.02% |
| Mr Lin Zhang | 29,506,483 | 7.09% |
| Mr Lai Dany Kong Sang | 28,419,378 | 6.83% |

Based on the information known as at the date of this Offer Document, on the assumption that Eligible Shareholders (other than Mr Philip Gu Huanqing) take up their full Entitlements under the Offer, as at the Closing Date the following persons will have an interest in 5% or more of the Shares on issue:

| Name | Number of Shares | Percentage of Shares |
|-----------------------|------------------|----------------------|
| Mr Philip Gu Huanqing | 105,000,000 | 21.03% |
| Ms Jian Fang Wang | 45,000,000 | 9.01% |
| Mr Henry Chun Fung Ko | 40,033,771 | 8.02% |
| Mr Lin Zhang | 35,407,780 | 7.09% |
| Mr Lai Dany Kong Sang | 34,103,254 | 6.83% |

5.7 Entitlements and Acceptance

Participation in the Entitlements Issue is open to all Shareholders who are registered on the Company's register of members at 5.00pm (AEDT) on the Record Date of 19 January 2018 with a registered address in Australia, New Zealand, China, Hong Kong, Malaysia, Singapore or Taiwan. The number of New Shares to which you are entitled is shown in the accompanying Entitlement and Acceptance Form. If you do not take up your Entitlement by the Closing Date of 5.00pm (AEDT) on 13 February 2018, the Offer to you will lapse.

You may take any of the following actions:

- (a) take up all of your Entitlement;
- (b) take up some of your Entitlement and allow the balance of your Entitlement to lapse; or
- (c) do nothing and allow all of your Entitlement to lapse.

In determining entitlements, any fractional entitlement will be rounded up to the nearest whole number.

A completed and lodged Entitlement and Acceptance Form, together with payment for the number of New Shares accepted, cannot be withdrawn and constitutes a binding application for, and acceptance of, the number of New

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Shares specified in the Entitlement and Acceptance Form on the terms set out in this Offer Document. The Entitlement and Acceptance Form does not need to be signed to be binding.

If the Entitlement and Acceptance Form is not completed correctly it may still be treated as a valid Application for New Shares. The Directors' decision whether to treat an acceptance as valid and how to construe, amend or complete the Entitlement and Acceptance Form is final.

Further details regarding action required to be taken by Shareholders is contained in section 6.

5.8 Opening and Closing Dates

The Entitlements Issue will open for receipt of acceptances at 9.00 am AEDT on 23 January 2018 and will close at 5pm AEDT on 13 February 2018, or such later date as the Directors may determine and provided that the Company gives ASX notice of the change in accordance with the Listing Rules.

5.9 Brokerage

No brokerage or stamp duty will be payable by investors for New Shares offered under the Entitlement Issue.

5.10 Issue of New Shares

New Shares offered by this Offer Document are expected to be issued on the date specified in the indicative timetable in section 4.2.

It is the responsibility of applicants to determine their allocation prior to trading in the New Shares. Applicants who sell New Shares prior to receiving their holding statements do so at their own risk.

5.11 Entitlement Issue Shortfall

Any New Shares not taken up by Eligible Shareholders may become available as Shortfall and will be dealt with in accordance with the Underwriting Agreements.

In the event that there are any Shortfall Shares remaining after allocation to the Underwriter, the remaining Shortfall Shares may be placed at the discretion of the Directors within 3 months of the Closing Date, to sophisticated investors and professional investors.

To the extent that it is commercially practicable and taking into account the Company's requirement for funds, the Directors will endeavour to allot the Shortfall Shares to a spread of investors, in order to mitigate any control effects which may arise from issuing the Shortfall Shares to a single or small number of investors. In any event, the Company will endeavour to ensure that no subscriber will be permitted to acquire Shortfall Shares under the Shortfall placement to the extent that such acquisition would result in that subscriber acquiring a Relevant Interest in issued Voting Shares in the Company that increases their, or someone else's, Voting Power in the Company either: (i) from 20% or below to more than 20%, or (ii) from a starting point that is above

20% and below 90% (on a post Entitlement Issue and post Shortfall placement basis).

5.12 Rights Attaching to New Shares

The New Shares issued will rank equally with existing Shares on issue. The rights and liabilities attaching to the New Shares are set out in the constitution of the Company and in the Corporations Act.

5.13 Quotation

The Company will make an application to ASX for Official Quotation of the New Shares.

If approval is not granted by ASX, the Company will not allot any New Shares and will repay all Application Monies (where applicable) as soon as practicable, without interest.

5.14 CHESS

The Company participates in CHESS, operated by ASX Settlement, a wholly-owned subsidiary of ASX, in accordance with the Listing Rules and the ASX Settlement Operating Rules.

Under this system, the Company will not issue certificates to investors. Instead, Shareholders will receive a statement of their holdings in the Company.

If an investor is broker-sponsored, ASX Settlement will send them a CHESS statement.

The CHESS statement will set out the number of New Shares allotted to each holder under the Offer Document and give details of their holder identification number, the participant identification number of the sponsor and the terms and conditions applicable to the New Shares.

In the case of an issuer sponsored sub-register, the statement will be dispatched by the Share Registry and will contain the number of New Shares allotted under the Offer Document and the Shareholder's security reference number (**SRN**).

A CHESS statement or Issuer Sponsored statement will routinely be sent to holders at the end of any calendar month during which the balance of their holding changes. A holder may request a statement at any other time, however a charge may be incurred for additional statements.

5.15 Foreign Jurisdictions

This Offer Document does not constitute an offer or invitation in any place in which, or to any person to whom, it would not be lawful to make that offer or invitation. In particular, this Offer Document may not be distributed in the United States and the New Shares may not be offered or sold, directly or indirectly, to persons in the United States.

This Offer Document is not to be distributed in, and no offer of New Shares is to be made in countries other than Australia, New Zealand, China, Hong Kong, Malaysia, Singapore and Taiwan. The distribution of this Offer Document (including an electronic copy) in other jurisdictions may be restricted by law and therefore persons who come into possession of this Offer Document should seek advice on and observe these restrictions. Any failure to comply with these restrictions may constitute a violation of applicable securities laws.

No action has been taken to register or qualify the Offer or the New Shares, or otherwise permit the public offering of the New Shares, in any jurisdiction outside Australia, New Zealand, China, Hong Kong, Malaysia, Singapore and Taiwan.

Foreign exchange control restrictions or restrictions on remitting funds from your country to Australia may apply. Your Application for New Shares is subject to all requisite authorities and clearances being obtained for the Company to lawfully receive your Application Monies.

The Company is of the view that it is unreasonable to make an offer under this Offer Document to Shareholders outside of Australia, New Zealand, China, Hong Kong, Malaysia, Singapore and Taiwan (**Excluded Shareholders**) having regard to:

- (a) the number of Excluded Shareholders;
- (b) the number and value of the securities to be offered to Excluded Shareholders; and
- (c) the cost of complying with the legal requirements and requirements of regulatory authorities in the overseas jurisdictions.

Accordingly, the Company is not required to make offers under the Offer Document to Shareholders outside of Australia, New Zealand, China, Hong Kong, Malaysia, Singapore and Taiwan.

Members of the public in Australia, New Zealand, China, Hong Kong, Malaysia, Singapore and Taiwan who are not existing Shareholders on the Record Date are not entitled to apply for any New Shares.

New Zealand

The New Shares are not being offered to the public within New Zealand other than to existing Shareholders of the Company with registered addresses in New Zealand to whom the offer of these securities is being made in reliance on the transitional provisions of the *Financial Markets Conduct Act 2013 (New Zealand)* and the *Securities Act (Overseas Companies) Exemption Notice 2013 (New Zealand)*.

This Offer Document has been prepared in compliance with Australian law and has not been registered, filed with or approved by any New Zealand regulatory authority. This Offer Document is not a product disclosure statement under New Zealand law and is not required to, and may not, contain all the information that a product disclosure statement under New Zealand law is required to contain.

China

The information in this Offer Document does not constitute a public offer of the Offer or the New Shares, whether by way of sale or subscription, in the People's Republic of China (excluding, for purposes of this paragraph, Hong Kong Special Administrative Region, Macau Special Administrative Region and Taiwan). The New Shares may not be offered or sold directly or indirectly in the People's Republic of China to legal or natural persons other than directly to "qualified domestic institutional investors".

Hong Kong

The contents of this Offer Document have not been reviewed by any Hong Kong regulatory authority. You are advised to exercise caution in relation to the offer. If you are in doubt about any contents of this Offer Document, you should obtain independent professional advice.

Malaysia

No approval from, or recognition by, the Securities Commission of Malaysia has been or will be obtained in relation to the Offer. The New Shares may not be offered or sold in Malaysia except to existing Shareholders of the Company pursuant to an exemption under the Malaysian Capital Markets and Services Act.

Singapore

For Shareholders resident in Singapore, this Offer Document and any other materials relating to the New Shares have not been, and will not be, lodged or registered as a prospectus in Singapore with the Monetary Authority of Singapore. Accordingly, this Offer Document and any other document or materials in connection with the offer or sale, or invitation for subscription or purchase, of New Shares, may not be issued, circulated or distributed, nor may the New Shares be offered or sold, or be made the subject of an invitation for subscription or purchase, whether directly or indirectly, to persons in Singapore except pursuant to and in accordance with exemptions in Subdivision (4) Division 1, Part XIII of the Securities and Futures Act, Chapter 289 of Singapore (**SFA**), or as otherwise pursuant to, and in accordance with the conditions of any other applicable provisions of the SFA.

This Offer Document has been given to you on the basis that you are (i) an existing holder of the Company's shares, (ii) an "institutional investor" (as defined under the SFA) or (iii) a "relevant person" (as defined in section 275(2) of the SFA). In the event that you are not an investor falling within any of the categories set out above, please return this Offer Document immediately. You may not forward or circulate this Offer Document to any other person in Singapore.

Any offer is not made to you with a view to the New Shares being subsequently offered for sale to any other party. There are on-sale restrictions in Singapore that may be applicable to investors who acquire New Shares. As such, investors are advised to acquaint themselves with the SFA provisions relating to resale restrictions in Singapore and comply accordingly.

Taiwan

The New Shares have not been registered in Taiwan nor approved by the Financial Supervisory Commission of the Republic of China. Holders of the New Shares may not resell them in Taiwan nor solicit any other purchasers in Taiwan for this offering.

Excluded Shareholders

It is considered that the Offer will not have any effect on control of the Company and therefore the Company does not intend appointing a nominee to sell the Excluded Shareholders' entitlements and remit the proceeds to the Excluded Shareholders pursuant to section 615 of the Corporations Act.

5.16 Taxation Implications

The Directors do not consider it appropriate to give Shareholders advice regarding the taxation consequences of subscribing for New Shares. The Company, its advisers and its officers do not accept any responsibility for any such taxation consequences to Shareholders. Shareholders should obtain independent advice on the taxation implications arising out of their participation in the Entitlements Issue.

6. ACTION REQUIRED BY SHAREHOLDERS

6.1 How to Participate in the Entitlements Issue

The number of New Shares to which you are entitled is shown in the accompanying Entitlement and Acceptance Form. You may choose to take up all, part or none of your Entitlement (as set out below).

All applications for New Shares must be made on the Entitlement and Acceptance Form. Any Application will be treated as an offer from the applicant to acquire New Shares on the terms and conditions set out in this Offer Document. The Directors reserve the right to reject any applications for New Shares.

Acceptance of All of Your Entitlement

If you wish to take up all of your Entitlement under the Entitlements Issue, please complete the Entitlement and Acceptance Form in accordance with the instructions set out on the reverse of that form.

Acceptance of Part of Your Entitlement

If you wish to take up part of your Entitlement under the Entitlements Issue, please complete the Entitlement and Acceptance Form in accordance with the instructions set out on the reverse of that form and insert the number of New Shares for which you wish to accept the Offer (being less than your Entitlement as specified on the Entitlement and Acceptance Form).

Non-Acceptance of Your Entitlement

If you do not wish to take up any part of your Entitlement under the Entitlements Issue, you are not required to take any action. If you decide not to accept all or part of your Entitlement, the New Shares not accepted will form the Shortfall, which will be dealt with in accordance with the Underwriting Agreements.

6.2 Payment Methods

Payments will only be accepted in Australian currency and may be made by one of the following methods:

- BPAY®. Those who elect to pay via BPAY® must follow the instructions for BPAY® set out in the Entitlement and Acceptance Form. If you choose to pay by BPAY®, you do not need to return the Entitlement and Acceptance Form;
- Cheque, bank draft or money order in Australian dollars payable to "Stemcell United Limited" and crossed "Not Negotiable".

For payment by BPAY®, please follow the instructions on your personalised Entitlement and Acceptance Form. Please note that should you choose to pay by BPAY®, you do not need to submit the personalised Entitlement and Acceptance Form but are taken to have made the declarations on that Entitlement and Acceptance Form. Your BPAY® payment must be received by 3.00pm ADET on the Closing Date. You should be aware that your financial

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institution may implement earlier cut-off times in regard to electronic payment and you should take this into account when making payment.

If you are paying by cheque, bank draft or money order, the completed Entitlement and Acceptance Form and your cheque must be received by the Company's Share Registry at the address below by no later than 5.00pm AEDT on 13 February 2018 or such later date as the Directors advise:

By Post:

Security Transfer Australia Pty Ltd
770 Canning Highway
Applecross, WA, 6153

Your cheque, bank draft or money order should be made payable to "Stemcell United Limited" and crossed "Not Negotiable". Entitlement and Acceptance Forms must be accompanied by payment of \$0.02 per New Share. Receipts for payments will not be issued.

You must ensure your cheque account has sufficient funds to cover your payment, as your cheque will be presented for payment on receipt. If your bank dishonours your cheque your application will be rejected. The Company will not re-present any dishonoured cheques. Your payment must be for the full amount required to pay for the New Shares applied for.

Cash payments will not be accepted but returned and the application deemed invalid.

6.3 Enquiries

If you have any queries regarding your Entitlement, please contact the Company Secretary by telephone on +612 8280 7355 or your stockbroker or professional adviser.

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7. RISK FACTORS

7.1 Introduction

This section identifies the areas the Directors regard as the major risks associated with an investment in the Company. Investors should be aware that an investment in the Company involves many risks, which may be higher than the risks associated with an investment in other companies. Intending investors should read the whole of this Offer Document in order to fully appreciate such matters and the manner in which the Company intends to operate before deciding whether to apply for New Shares pursuant to this Offer Document.

There are numerous widespread risks associated with investing in any form of business and with investing in the share market generally. There is also a range of specific risks associated with the Company's business. These risk factors are largely beyond the control of the Company and its Directors because of the nature of the business of the Company. The following summary, which is not exhaustive, represents some of the major risk factors which potential investors need to be aware of.

7.2 Risks specific to the Offer

Suspension

The Company intends to use funds raised under the Entitlements Issue to (inter alia) develop the existing businesses and explore of new opportunities in the Traditional Chinese Medicine (**TCM**) business and plant technologies, such as in the field of TCM cannabis. The new opportunities in TCM and plant technologies in the field of TCM cannabis may result in ASX exercising its discretion under Listing Rules 11.1.2 and 11.1.3 which would require shareholder approval and re-compliance with ASX's admission and quotation requirements under Chapters 1 and 2 of the Listing Rules.

Potential for significant dilution

Upon completion of the Offer, assuming all Entitlements are accepted and no Options are exercised prior to the Record Date, the number of Shares in the Company will increase from 416,037,672 to 499,245,206. This increase equates to approximately 17% of all the issued Shares in the Company following completion of the Offer.

This means that each Share will represent a significantly lower proportion of the ownership of the Company. It is not possible to predict what the value of the Company or a Share will be following the completion of the Offer and the Directors do not make any representation to such matters.

The last trading price of Shares on ASX prior to the Offer Document being lodged of \$0.053 (5.3 cents) is not a reliable indicator as to the potential trading price of Shares following completion of the Offer.

Shareholders should note that if they do not participate in the Offer, their holdings are likely to be diluted by approximately 16.7% (as compared to their holdings and number of Shares on issue as at the date of the Offer Document).

Please refer to section 5.6 of this Offer Document for examples of how the potential dilutionary effect of the Offer may impact Shareholders.

7.3 Risks specific to the Company's projects

New Business and Mr Gu Huanqing

The Company has only been carrying on business since July 2014, and has a limited track record. The Board considers that Mr Gu Huanqing's participation in running and developing the Company's business is important to achieving success during its development phase. If for any reason Mr Gu Huanqing's services are not available, the development of the Company's business may be impaired.

Patent Applications

The Company's intellectual property includes certain technologies for which patent applications have been made. The Company has only relatively recently applied for such patents. It is likely to take several years before any patent is granted (if at all). Further, the Company will be required to pay registration fees of approximately US\$10,000 to the local patent office in each country where a patent is to be registered. Such applications may not result in patents being granted. In addition, if patents are granted it may be difficult to prevent the unauthorised use of the technology with the result that the Company may obtain no competitive advantage from its technology. Further, until the patents are granted, the Company cannot be certain that others will not independently develop the same or similar technology on their own account or gain access to trade secrets and unpatented knowhow.

Supply of Raw Materials

The Company is dependant on the supply of raw materials to carry on its business, particularly the supply of seedlings or "mother plants" from Dendrobium farms from which the Company will extract stem cells. Such supply may be disrupted by natural occurrences such as flood, drought and other occurrences that may cause crop failure. Further, the availability of supply may be adversely affected over time as demand for raw materials increases generally if production does not keep pace with demand.

Manufacturing of Product

Until the Company has the capacity to manufacture product itself, it is reliant on third parties having the capacity to do so within the timeframes required by the Company and at a reasonable cost. Circumstances may arise where the Company is unable to achieve the manufacture of product on this basis.

Supply of Product into Market

The Company's business model depends on being able to supply product into the markets outside Singapore. Access to those markets could in future be restricted or the market may become regulated or it may not be possible to obtain necessary import licences.

Supply and Demand

The price of raw materials used by the Company may fluctuate, as may demand for its product. The Company's ability to make a profit on sales will depend on its being able to maintain a margin between its cost of raw materials and production and distribution and the price at which it is able to sell its product.

Product Liability

The Company provides material for use in Traditional Chinese Medicine which is taken by humans for therapeutic purposes. If Traditional Chinese Medicine incorporating the Company's product causes damage or loss of life, claims may be made against the Company that it has supplied defective materials. Such claims could be expensive to defend and could result in the Company being liable for substantial damages. Because the Company's products use only natural ingredients and the Company does not supply direct to consumers, the Directors consider the likelihood of the Company incurring liability for defective materials to be small.

7.4 General Risks specific to the Company

Economic Risks

General economic conditions, movements in interest and inflation rates and currency exchange rates may have an adverse effect on the Company's exploration, development and production activities, as well as on its ability to fund those activities.

Further, share market conditions may affect the value of the Company's quoted securities regardless of the Company's operating performance. Share market conditions are affected by many factors such as:

- general economic outlook;
- interest rates and inflation rates;
- currency fluctuations;
- changes in investor sentiment toward particular market sectors;
- the demand for, and supply of, capital; and
- terrorism or other hostilities.

Additional requirements for capital

The Company may require further financing. Any additional equity financing will dilute shareholdings, and debt financing, if available, may involve restrictions on financing and operating activities. If the Company is unable to obtain additional financing as needed, it may be required to reduce the scope of its operations. There is however, no guarantee that the Company will be able to secure any additional funding or be able to secure funding on terms favourable to the Company.

Insurance coverage risk

Exploration and development operations on mineral properties involve numerous risks, including unexpected or unusual geological operating conditions, rock bursts, cave-ins, ground or slope failures, fires, floods, earthquakes and other environmental occurrences, political and social instability that could result in damage to or destruction of mineral properties or producing facilities, personal injury or death, environmental damage, delays in mining caused by industrial accidents or labour disputes, changes in regulatory environment, monetary losses and possible legal liability.

It is not always possible to obtain insurance against all such risks and the Company may decide not to insure against certain risks because of high premiums or other reasons.

Unforeseen expenses

The Company may be subject to significant unforeseen expenses or actions. This may include unplanned operating expenses, future legal actions or expenses in relation to future unforeseen events. The Directors expect that the Company will have adequate working capital to carry out its stated objectives however there is the risk that additional funds may be required to fund the Company's future objectives.

Litigation risk

The Company is subject to litigation risks. All industries, including the minerals exploration industry, are subject to legal claims, with and without merit. Defence and settlement costs of legal claims can be substantial, even with respect to claims that have no merit.

Due to the inherent uncertainty of the litigation process, the resolution of any particular legal proceeding to which the Company is or may become subject could have a material effect on its financial position, results of operations or the Company's activities.

Share market risk

The market price of the Company's Shares could fluctuate significantly. The market price of the Company's Shares may fluctuate based on a number of factors including the Company's operating performance and the performance of competitors and other similar companies, the public's reaction to the Company's press releases, other public announcements and the Company's filings with the various securities regulatory authorities, changes in earnings estimates or recommendations by research analysts who track the Company's Shares or the shares of other companies in the resource sector, changes in general economic conditions, the number of the Company's Shares publicly traded and the arrival or departure of key personnel, acquisitions, strategic alliances or joint ventures involving the Company or its competitors.

In addition, the market price of the Company's Shares are affected by many variables not directly related to the Company's success and are therefore not within the Company's control, including other developments that affect the market for all resource sector shares, the breadth of the public market for the Company's Shares, and the attractiveness of alternative investments.

Reliance on key personnel

The Company's prospects depend in part on the ability of its executive officers, senior management and key consultants to operate effectively, both independently and as a group. The loss of the services of one or more of such key management personnel could have a material adverse effect on the Company. The Company's ability to manage its exploration and development activities, and hence its success, will depend in large part on the efforts of these individuals. Investors must be willing to rely to a significant extent on management's discretion and judgement, as well as the expertise and competence of outside contractors.

7.5 Speculative nature of investment

The above list of risk factors ought not to be taken as exhaustive of the risks faced by the Company or by investors in the Company. The above factors, and others not specifically referred to above, may in the future materially affect the financial performance of the Company and the value of the New Shares offered under this Offer Document.

8. UNDERWRITING AGREEMENTS

8.1 Cove Underwriting Agreement

Pursuant to the Cove Underwriting Agreement dated 22 December 2017 between the Company and Cove, Cove has agreed to underwrite the Entitlements Issue pursuant to this Offer Document up to a maximum of A\$664,150, by applying for up to 33,207,500 New Shares.

Pursuant to the Cove Underwriting Agreement, the Company will pay Cove an underwriting fee of approximately A\$33,207 (excluding GST) (being 5% of the value of the underwritten amount of A\$664,150).

In addition, the Company has agreed to indemnify Cove against any claim, loss, liability, cost or expense which Cove pays or is liable for, arising from: (i) the Offer; (ii) the Offer Materials; (iii) any other advertising or publicity in relation to the Offer; (iv) the Cove Underwriting Agreement; or (v) a breach by the Company of its obligations under the Cove Underwriting Agreement or any other binding obligations in respect of the Offer Document or the Offer.

The Cove Underwriting Agreement provides that Cove may terminate the Cove Underwriting Agreement and its obligation thereunder at any time without cost or liability to Cove upon the occurrence of any one or more of the termination events (**Cove Termination Event**).

- (a) It is a Cove Termination Event if any of the following occur:
- (i) there has been a material adverse effect on the assets, condition or financial position, profits and losses, business or operations of the Company and its related bodies corporate taken as a whole, and such material adverse effect is not rectified within the 7 days' notice period;
 - (ii) Cove reasonably concludes that fulfilling its obligations in relation to underwriting the Offer or pursuant to the Cove Agreement could give rise to a breach by Cove of the Corporations Act or other legislation, and first provides detailed written explanation to the Company of the details of and reasons for that conclusion;
 - (iii) ASX does not give approval for the Shortfall to be listed for official quotation, or if approval is granted, the approval is subsequently withdrawn, qualified or withheld;
 - (iv) the S&P/ASX 200 Index is at any time after the date that the Cove Agreement is executed by both parties (**Execution Date**) 10% or more below its respective level as at the close of business on the business day prior to the Execution Date;
 - (v) a director of the Company or any Related Corporation is charged with an indictable offence;
 - (vi) the Company or a related body corporate (**Related Corporation**) takes any steps to undertake a proposal contemplated under section 257A or passes or takes any steps to pass a resolution under section 260B of the Corporations Act, without the prior

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written consent of Cove (such consent must not be unreasonably withheld or delayed);

(vii) the Company's bankers terminating or issuing any demand or penalty notice or amending the terms of any existing facility or claiming repayment or accelerated repayment of any facility or requiring additional security for any existing facility;

(viii) any of the following occurs:

(A) the introduction of legislation into the Parliament of the Commonwealth of Australia or of any State or Territory of Australia;

(B) the public announcement of prospective legislation or policy by the Australian Federal Government, or the Government of any State or Territory of Australia; or

(C) the adoption by the ASIC, its delegates, ASX, the Reserve Bank of Australia or any other regulatory authority of any regulations or policy,

which does or is likely to materially prohibit, restrict or regulate the principal business of the Company or the Offer;

(ix) the Company or any Related Corporation fails to comply in any material respect with any of the following:

(A) a provision of its constitution;

(B) any statute;

(C) a requirement, order or request, made by or on behalf of the ASIC or any governmental agency; or

(D) any material agreement entered into by it, which does or is likely to prohibit, restrict or regulate the principal business of the Company;

(x) the Company alters its capital structure or its constitution without the prior written consent of Cove other than an alteration that occurs due to the issue of the Shortfall or the exercise of any options, securities or performance rights that the Company has on issue as at the Execution Date;

(xi) there is an outbreak of hostilities or a material escalation of hostilities (whether or not war has been declared) after the date of the Cove Agreement involving one or more of Australia, Indonesia, Japan, Russia, the United Kingdom, the United States of America, or the Peoples Republic of China, other than hostilities involving Afghanistan, any country bordering Afghanistan or any Arab country (being a country the majority of whose inhabitants are of Arab ethnicity);

- (xii) an event of force majeure or act of God beyond the reasonable control of the Company or Cove, which prevents or delays an obligation under the Cove Agreement, lasting in excess of 10 business days;
- (xiii) the Company is in material default of any of the terms and conditions of the Cove Agreement or materially breaches any warranty or covenant given or made by it under the Cove Agreement;
- (xiv) any adverse change occurs which materially impacts or is reasonably likely to materially impact the operational or financial position of the Company or a Related Corporation (including but not limited to an administrator, receiver, receiver and manager, trustee or similar official being appointed over any of the assets or undertaking of the Company or a Related Corporation);
- (xv) any person is appointed under any legislation in respect of companies to investigate the affairs of the Company or a Related Corporation;
- (xvi) an event described in any of sections 652C(1)(a) to (h) and sections 652C(2)(a) to (e) of the Corporations Act occurs in respect of the Company (as if the Company were the “target” for the purposes of those sections) (**Prescribed Occurrence**) occurs, other than a Prescribed Occurrence that occurs due to the issue of the Shortfall or the exercise of any options, securities or performance rights that the Company has on issue as at the Execution Date;
- (xvii) the Company suspends payment of its debts generally;
- (xviii) litigation, arbitration, administrative or industrial proceedings are, after the Execution Date, commenced against the Company or any Related Corporation which has or is reasonably likely to have a material adverse effect on the Company or its operations;
- (xix) there is a change in the composition of the Board or a change in the senior management of the Company before the date of issue of the Shortfall without the prior written consent of Cove (which must not be unreasonably withheld or delayed);
- (xx) any material contract to which the Company or a Related Corporation is a party is terminated or substantially modified in a manner that is materially adverse to the Company;
- (xxi) any of the following events occurs in respect of the Company:
 - (A) a receiver, receiver and manager, liquidator, provisional liquidator, administrator or trustee is appointed in respect of the Company or any of its assets or anyone else is appointed who (whether or not as agent for the Company) is in possession, or has control, of any of the Company's assets for the purpose of enforcing a charge;

- (B) an application is made to court or a resolution is passed or an order is made for the winding up or dissolution of the Company;
 - (C) the Company proposes or takes any steps to implement a scheme of arrangement or other compromise or arrangement with its creditors or any class of them; or
 - (D) the Company is declared or taken under any applicable law to be insolvent or the Company's board of directors resolves that it is, or is likely to become at some future time, insolvent; or
- (xxii) a judgment in an amount exceeding A\$100,000 is obtained against the Company or a Related Corporation and is not set aside or satisfied within 7 days.

8.2 Jiangmen Underwriting Agreement

Pursuant to the Jiangmen Underwriting Agreement dated on or about 9 January 2018 between the Company and Jiangmen, Jiangmen has agreed to underwrite the Entitlements Issue pursuant to this Offer Document up to a maximum of A\$1,000,000 by applying for up to 50,000,000 New Shares.

Pursuant to the Jiangmen Underwriting Agreement, the Company will pay Jiangmen an underwriting fee of approximately A\$50,000 (excluding GST) (being 5% of the value of the underwritten amount of A\$1,000,000).

In addition, the Company has agreed to indemnify Jiangmen against any claim, loss, liability, cost or expense which Jiangmen pays or is liable for, arising from: (i) the Offer; (ii) the Offer Materials; (iii) any other advertising or publicity in relation to the Offer; (iv) the Jiangmen Underwriting Agreement; or (v) a breach by the Company of its obligations under the Jiangmen Underwriting Agreement or any other binding obligations in respect of the Offer Document or the Offer.

The Jiangmen Underwriting Agreement provides that Jiangmen may terminate the Jiangmen Underwriting Agreement and its obligation thereunder at any time without cost or liability to Jiangmen upon the occurrence of any one or more of the termination events (**Jiangmen Termination Event**).

- (a) It is a Jiangmen Termination Event if any of the following occur:
- (i) there has been a material adverse effect on the assets, condition or financial position, profits and losses, business or operations of the Company and its related bodies corporate taken as a whole, and such material adverse effect is not rectified within the 7 days' notice period;
 - (ii) Jiangmen reasonably concludes that fulfilling its obligations in relation to underwriting the Offer or pursuant to the Jiangmen Agreement could give rise to a breach by Jiangmen of the Corporations Act or other legislation, and first provides detailed written explanation to the Company of the details of and reasons for that conclusion;

- (iii) ASX does not give approval for the Shortfall to be listed for official quotation, or if approval is granted, the approval is subsequently withdrawn, qualified or withheld;
- (iv) the S&P/ASX 200 Index is at any time after the date that the Jiangmen Agreement is executed by both parties (**Execution Date**) 10% or more below its respective level as at the close of business on the business day prior to the Execution Date;
- (v) a director of the Company or any Related Corporation is charged with an indictable offence;
- (vi) the Company or a related body corporate (**Related Corporation**) takes any steps to undertake a proposal contemplated under section 257A or passes or takes any steps to pass a resolution under section 260B of the Corporations Act, without the prior written consent of Jiangmen (such consent must not be unreasonably withheld or delayed);
- (vii) the Company's bankers terminating or issuing any demand or penalty notice or amending the terms of any existing facility or claiming repayment or accelerated repayment of any facility or requiring additional security for any existing facility;
- (viii) any of the following occurs:
 - (A) the introduction of legislation into the Parliament of the Commonwealth of Australia or of any State or Territory of Australia;
 - (B) the public announcement of prospective legislation or policy by the Australian Federal Government, or the Government of any State or Territory of Australia; or
 - (C) the adoption by the ASIC, its delegates, ASX, the Reserve Bank of Australia or any other regulatory authority of any regulations or policy,which does or is likely to materially prohibit, restrict or regulate the principal business of the Company or the Offer;
- (ix) the Company or any Related Corporation fails to comply in any material respect with any of the following:
 - (A) a provision of its constitution;
 - (B) any statute;
 - (C) a requirement, order or request, made by or on behalf of the ASIC or any governmental agency; or
 - (D) any material agreement entered into by it, which does or is likely to prohibit, restrict or regulate the principal business of the Company;

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- (x) the Company alters its capital structure or its constitution without the prior written consent of Jiangmen other than an alteration that occurs due to the issue of the Shortfall or the exercise of any options, securities or performance rights that the Company has on issue as at the Execution Date;
 - (xi) there is an outbreak of hostilities or a material escalation of hostilities (whether or not war has been declared) after the date of the Jiangmen Agreement involving one or more of Australia, Indonesia, Japan, Russia, the United Kingdom, the United States of America, or the Peoples Republic of China, other than hostilities involving Afghanistan, any country bordering Afghanistan or any Arab country (being a country the majority of whose inhabitants are of Arab ethnicity);
 - (xii) an event of force majeure or act of God beyond the reasonable control of the Company or Jiangmen, which prevents or delays an obligation under the Jiangmen Agreement, lasting in excess of 10 business days;
 - (xiii) the Company is in material default of any of the terms and conditions of the Jiangmen Agreement or materially breaches any warranty or covenant given or made by it under the Jiangmen Agreement;
 - (xiv) any adverse change occurs which materially impacts or is reasonably likely to materially impact the operational or financial position of the Company or a Related Corporation (including but not limited to an administrator, receiver, receiver and manager, trustee or similar official being appointed over any of the assets or undertaking of the Company or a Related Corporation);
 - (xv) any person is appointed under any legislation in respect of companies to investigate the affairs of the Company or a Related Corporation;
 - (xvi) an event described in any of sections 652C(1)(a) to (h) and sections 652C(2)(a) to (e) of the Corporations Act occurs in respect of the Company (as if the Company were the “target” for the purposes of those sections) (**Prescribed Occurrence**) occurs, other than a Prescribed Occurrence that occurs due to the issue of the Shortfall or the exercise of any options, securities or performance rights that the Company has on issue as at the Execution Date;
 - (xvii) the Company suspends payment of its debts generally;
 - (xviii) litigation, arbitration, administrative or industrial proceedings are, after the Execution Date, commenced against the Company or any Related Corporation which has or is reasonably likely to have a material adverse effect on the Company or its operations;
 - (xix) there is a change in the composition of the Board or a change in the senior management of the Company before the date of issue

of the Shortfall without the prior written consent of Jiangmen (which must not be unreasonably withheld or delayed);

- (xx) any material contract to which the Company or a Related Corporation is a party is terminated or substantially modified in a manner that is materially adverse to the Company;
- (xxi) any of the following events occurs in respect of the Company:
 - (A) a receiver, receiver and manager, liquidator, provisional liquidator, administrator or trustee is appointed in respect of the Company or any of its assets or anyone else is appointed who (whether or not as agent for the Company) is in possession, or has control, of any of the Company's assets for the purpose of enforcing a charge;
 - (B) an application is made to court or a resolution is passed or an order is made for the winding up or dissolution of the Company;
 - (C) the Company proposes or takes any steps to implement a scheme of arrangement or other compromise or arrangement with its creditors or any class of them; or
 - (D) the Company is declared or taken under any applicable law to be insolvent or the Company's board of directors resolves that it is, or is likely to become at some future time, insolvent; or
- (xxii) a judgment in an amount exceeding A\$100,000 is obtained against the Company or a Related Corporation and is not set aside or satisfied within 7 days.

9. DEFINED TERMS

\$ means Australian dollars, unless otherwise stated;

AEDT means Australian Eastern Daylight Time.

Applicant means a person who submits an Application Form;

Application Form means the Entitlement and Acceptance Application Form accompanying this Offer Document;

ASX means ASX Limited and, where the context permits, the Australian Securities Exchange operated by ASX Limited;

ASX Settlement means ASX Settlement Pty Ltd (ABN 49 008 504 532);

ASX Settlement Operating Rules means the operating rules of the settlement facility provided by ASX Settlement;

Board means the board of Directors from time to time;

CHESS means ASX Clearing House Electronic Subregistry System;

Closing Date means 5.00pm AEDT on 13 February 2018;

Company means Stemcell United Limited (ACN 009 104 330);

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

Cove means Cove Capital Pty Ltd.

Cove Underwriting Agreement means the underwriting agreement between the Company and Cove Capital Pty Ltd dated 22 December 2017.

Directors means the directors of the Company;

Eligible Shareholder means Shareholders who are registered on the Company's register of members at 5.00pm (AEDT) on the Record Date of 19 January 2018 with a registered address in Australia and New Zealand;

Entitlement means the entitlement of an Eligible Shareholder to apply for New Shares pursuant to the Entitlements Issue;

Entitlements Issue means the pro-rata non renounceable Entitlements Issue of New Shares in the Company on the basis of 1 New Share for every 5 Shares held on the Record Date, at an issue price of \$0.02 per New Share, for the purpose of raising approximately \$1,664,150 before costs;

Entitlement and Acceptance Form means the entitlement and acceptance form accompanying this Offer Document;

Jiangmen means Jiangmen Jinxin Yongkang Health Food Co. Ltd.

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Jiangmen Underwriting Agreement means the underwriting agreement between the Company and Jiangmen Jinxin Yongkang Health Food Co. Ltd. dated on or about 9 January 2018.

Listing Rules means the Listing Rules of ASX;

New Shares means the Shares in the Company being offered pursuant to this Offer Document;

Offer means the offer of New Shares under the Entitlements Issue;

Offer Document means this offer document for the Entitlements Issue;

Official List means the Official List of ASX;

Offer Materials means this Offer Document and the notice prepared by the Company in compliance with section 708AA(7) of the Corporations Act and lodged by the Company with ASX in accordance with ASIC Corporations (Non-Traditional Rights Issues) Instrument 2016/84 and the timetable set out in Appendix 7A of the Listing Rules;

Official Quotation means quotation of the Shares on the Official List;

Opening Date means 9.00am AEDT on 23 January 2018;

Option means an option that has been granted by the Company over an unissued Share;

Record Date means 5.00pm AEDT on 19 January 2018;

Relevant Interest has the meaning given to that term in the Corporations Act.

Share means an ordinary fully paid share in the capital of the Company;

Shareholder means a holder of Shares;

Shortfall means the New Shares not applied for by Eligible Shareholders;

Shortfall Shares means those New Shares not validly applied for by Eligible Shareholders under the Offer by the Closing Date or issued to the Underwriters, and which will revert to the Shortfall placement process described in Section 5.11.

Underwriters means Cove and Jiangmen; and

Underwriting Agreements means the Cove Underwriting Agreement and the Jiangmen Underwriting Agreement.

Voting Power has the meaning given to that term in the Corporations Act.

Voting Shares has the meaning given to that term in the Corporations Act.

10. CORPORATE DIRECTORY

| | |
|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <p>Directors</p> <p>Ms Jamie Khoo (Non-Executive Chairman) Mr Gu Huan Qing (CEO and Executive Director) Mr Chow-Yee Koh (Non-Executive Director) Mr Savio Cheung Ka Lung (Non-Executive Director)</p> <p>Secretary</p> <p>Mr Chow-Yee Koh</p> | <p>Registered Office</p> <p>Level 12, 680 George Street Sydney, New South Wales 2000</p> |
| <p>Share Registry</p> <p>Security Transfer Australia Pty Ltd 770 Canning Highway Applecross, Western Australia 6153</p> | <p>Underwriters</p> <p>Cove Capital Pty Ltd Level 27, 101 Collins Street Melbourne, Victoria 3000</p> <p>Jiangmen Jinxin Yongkang Health Food Co. Ltd RM216 Lijia City, No 113 Jianshe Road 3 Jiangmen, Guangdong, PRC</p> |
| <p>ASX Code</p> <p>SCU</p> | <p>Website</p> <p>http://scu.com.sg/</p> |

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