



STEMCELL UNITED LIMITED

ACN 009 104 330

Level 12, 680 George Street, Sydney, NSW 2000, Australia

16 January 2018

Dear Shareholder

NON-RENOUNCEABLE ENTITLEMENT OFFER

On 16 January 2018, Stemcell United Limited (ACN 009 104 330) (**Company**) announced that the Company would be conducting a non-renounceable entitlement offer of up to approximately 83,207,534 fully paid ordinary shares in the capital of the Company (**Shares**) on the basis of 1 (one) Share for every 5 (five) Shares held at 5pm (AEDT) on 19 January 2018 (**Record Date**) at an issue price of A\$0.02 per Share (**Entitlement**) to raise approximately A\$1,664,150 (before issue costs) (**Entitlement Offer**).

The funds raised under the Entitlement Offer will provide the Company with the necessary funds to 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*, fund general working capital and administrative expenses and fund the expenses of the Entitlement 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.

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

The Company will pay:

- (a) Cove Capital Pty Ltd an underwriting fee of \$33,207, being equal to 5% of the amount it has agreed to underwrite of A\$664,150; and
- (b) Jiangmen Jinxin Yongkang Health Food Co. Ltd an underwriting fee of \$50,000, being equal to 5% of the amount it has agreed to underwrite of A\$1,000,000.

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The Entitlement Offer is being conducted without a prospectus, pursuant to an offer document dated 16 January 2018 (**Offer Document**), in accordance with section 708AA of the *Corporations Act 2001 (Cth)* (as modified by the Australian Securities and Investments Commission Corporations (Non-Traditional Rights Issues) Instrument 2016/84. A copy of the Offer Document is available on the Company's website at <http://scu.com.sg/> or on the ASX website (company announcements section, ASX code: SCU) at www.asx.com.au.

Summary of key features of the Entitlement Offer

The Entitlement Offer is open to shareholders who hold shares as at the Record Date with registered addresses in Australia, New Zealand, China, Hong Kong, Malaysia, Singapore and Taiwan (**Eligible Shareholders**). All other shareholders are not eligible to participate in the Entitlement Offer and will be notified by the Company separately (**Excluded Shareholders**). Excluded Shareholders will not be entitled to subscribe for Shares under the Entitlement Offer.

Under the terms of the Entitlement Offer, Eligible Shareholders will be entitled to subscribe for 1 (one) Share for every 5 (five) Shares held at the Record Date at an issue price of A\$0.02 per Share (**Entitlements**). Where fractions arise in the calculation of Entitlements, they will be rounded up to the nearest whole number of Shares. Holdings on different sub-registers will not be aggregated for calculating entitlements. Eligible Shareholders may not apply for additional Shares in excess of their Entitlement.

The Company reserves the right to reduce the number of Shares allocated to Eligible Shareholders, or persons claiming to be Eligible Shareholders, if their claims prove to be overstated or they fail to provide information to substantiate their claims.

The Shares will rank equally with the existing ordinary shares from the date of issue.

The current number of Shares on issue in the Company is 416,037,672. Under the Entitlement Offer, approximately 83,207,534 Shares will be issued and the number of Shares on issue at the completion of the Entitlement Offer will be 499,245,206. The number of options on issue will remain unchanged as a result of the Entitlement Offer.

The Company currently has 2,000,000 unquoted options with an exercise price of \$0.20 and an expiry date of 14 December 2018, on issue. Existing option holders may participate in the Entitlement Offer upon exercise of their options. The Company sent a notice to option holders on 16 January 2018 notifying them of their right to participate in the Entitlement Offer upon exercise of their options.

The Entitlement Issue is non-renounceable, therefore you cannot sell your Entitlements.

No shareholder approval for the Entitlement Offer is required.

Indicative timetable

The indicative timetable for the Entitlement Offer is as follows:

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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

The above timetable is indicative only and subject to change. The Company reserves the right to amend any or all of these events, dates and times subject to the *Corporations Act 2001* (Cth), the ASX Listing Rules and other applicable laws. In particular, the Company reserves the right to extend the closing date of the Entitlement Offer, to accept late applications either generally or in particular cases or to withdraw the Entitlement Offer without prior notice. The commencement of quotation of Shares is subject to confirmation from ASX.

More information

Before making a decision whether to apply for Shares, please read the Offer Document carefully in its entirety when you receive it. The Entitlement Offer is scheduled to close at 5pm (AEDT) on 13 February 2018.

The Directors of the Company recommend that if you are in doubt as to the value of the Entitlement Offer then you should contact your financial adviser.

Should you have any queries please contact the Company on +61 2 8280 7355 or the Company's share registry – Security Transfer Australia Pty Ltd on +61 8 9315 2333.

Yours faithfully

Chow Yee Koh
Company secretary

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