



STEMCELL UNITED LIMITED

ACN 009 104 330

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

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Company Announcements Platform
Australian Securities Exchange

Quarterly activities report

Stemcell United Limited (ASX:SCU) (“Company”) is pleased to provide the following update on activities the quarter ended 30 June 2020 (Q4 FY2020).

Collaboration with Singapore Temasek Polytechnic:

During the quarter, the Company signed a two-year collaboration agreement with Temasek Polytechnic of Singapore to conduct a joint research programme on the application of plant stem cell technology to the cultivation and commercial farming of sea grapes in Singapore. Temasek Polytechnic is the third polytechnic established by the Singapore government. Polytechnics are industry focused institutions of higher learning and will assist the Company’s R&D initiatives.

To progress work associated with the trial, Stemcell United has also signed a rental agreement with the Singapore Food Agency for lease of a premise at the Singapore Marine Aquaculture Centre, where it will begin growing and researching sea grape cultivation. Management look forward to providing updates on the collaboration when possible.

Collaboration with University of Science, Malaysia (USM):

During the period, Stemcell United also entered into a collaboration agreement with the University of Science, Malaysia to study the cultivation of seagrapes through the use of land-based and urban farming techniques.

The University of Science, Malaysia is amongst the oldest and most renowned institutions of higher learning in Northern Malaysia. USM has three campuses including a main campus on the island of Penang, a health focused campus in Kelantan and an engineering campus in Nibong Tebal. USM is one of the largest universities in terms of enrolments in Malaysia and has a large number of lecturers, making the organisation an ideal partner for Stemcell United.

The collaboration agreement and associated trials will run for 6 months and if successful, will outline a shorter cultivation cycle for seagrape growing which could be highly scalable in dense urban settings. Stemcell United looks forward to providing ongoing updates as trials progress.

Appointment of Alan Dronkers to grow cannabis operations:

SCU significantly strengthened its team following the appointment of Mr Alan Drinkers as a strategic advisor. Mr Dronkers will assist the Company in with the growth and development of its cannabis business. Specifically, he will advise on cannabis genetics for stemcell development, and commercialisation of hemp-based cosmetics and beauty products.

Mr Dronkers is currently Special Advisor to the Thailand Ministry of Agriculture and is cannabis industry Advisor to the Government of Laos. He is also an adjunct lecturer at the Rajabhat University of Chiang

Mai, Thailand and the Mahanakhorn University of Technology, Thailand. He is currently involved in the reintroduction of hemp into Thailand.

Alan is a member of Sensi Seeds and Hempflax Groups and was responsible for the first breeding programs of Sensi Seeds. He possesses an enormous wealth of knowledge about cannabis genetics and is also an expert in the history and use of the plant, having helped to reintroduce the use of hemp into Holland.

Alan is an active proponent in the promotion of hemp as a mainstream plant for different industry applications. He is also the developer of a cannabis strain named 'Jack Herer' which is one of the all-time most popular cannabis strains and used extensively for medicinal purposes.

As strategic advisor, Mr Dronkers will assist the Company in developing and commercialising its hemp-based product offerings for the Chinese market. This will be undertaken through the Company's interest in Huafeng Industrial Hemp Co., Ltd (HFIH), which is a holder of a hemp growing licence, granted by the Chinese government. Stemcell United invested in HFIH in May 2019, acquiring a 51% stake.

Effects of COVID-19 on cash flows:

Receipts from customers for the 12-months period totalled \$801,000. The Company's sales efforts continued to be severely affected by restrictions put in place to stem the flow of COVID-19.

The Company continued to implement cost cutting initiatives during the quarter and will remain vigilant on operating expenditure. As at 30 June 2020, the Company retained a cash balance of \$866,000.

As restrictions associated with COVID-19 continue to ease, Stemcell United remains confident that day-to-day operations will return to normal and allow the Company to capitalise in the coming months.

Payments to related parties

The Company has during the period paid A\$137,000 to related parties, of which, A\$124,000 are director remunerations and A\$13,000 are for corporate services provided by a director.

Management commentary:

Executive Chairman and CEO Mr Philip Gu said: *"Despite very challenging market conditions, Stemcell United has made considerable R&D progress, securing collaboration agreements with two major research institutions in Asia.*

Further, we are also working with Mr Alan Dronkers as strategic advisor to the Company on a number of initiatives in relation to hemp-based products."

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This announcement has been authorised for release by the board of Stemcell United Ltd.