

STEMCELL UNITED LIMITED
(ACN 009 104 330)

NOTICE OF ANNUAL GENERAL MEETING

Meeting to be held at 224 Grote Street, Adelaide, South Australia on 30 November 2020 commencing at 4.00pm (ACDT time).

This Notice and Explanatory Statement should be read in its entirety.

Shareholders are urged to attend or vote by lodging the Proxy Form attached to this Notice.

If Shareholders are in doubt as to how to vote, they should seek advice from their accountant, solicitor or other professional adviser without delay.

STEMCELL UNITED LIMITED (ACN 009 104 330)

NOTICE OF ANNUAL GENERAL MEETING

Notice is hereby given that the annual general meeting of Stemcell United Limited (ACN 009 104 330) will be held at 224 Grote Street, Adelaide, South Australia on 30 November 2020 commencing at 4.00pm (ACDT).

Terms and abbreviations used in this Notice are defined in the Glossary in the Explanatory Statement attached to this Notice.

AGENDA

Ordinary business

1. Financial Statements

To receive the Financial Statements for the year ended 30 June 2020.

Note: There is no requirement for Shareholders to approve these statements.

2. Resolution 1 – Adoption of the Remuneration Report

To consider and, if thought fit, to pass, with or without amendment, the following resolution as an ordinary resolution:

“To adopt the Remuneration Report for the financial year ended 30 June 2020.”

Note: This Resolution is advisory only and does not bind the Company or the Directors. The Directors will consider the outcome of the vote and comments made by Shareholders on the Remuneration Report at the meeting when reviewing the Company’s remuneration policies.

Voting Prohibition Statement:

A vote on this Resolution must not be cast (in any capacity) by or on behalf of either of the following persons:

- (a) a member of the Key Management Personnel, details of whose remuneration are included in the Remuneration Report; or
- (b) a Closely Related Party of such a member.

However, a person (the voter) described above may cast a vote on this Resolution as a proxy if the vote is not cast on behalf of a person described above and either:

- (a) the voter is appointed as a proxy by writing that specifies the way the proxy is to vote on this Resolution; or
- (b) the voter is the Chair and the appointment of the Chair as proxy:
 - (i) does not specify the way the proxy is to vote on this Resolution; and
 - (ii) expressly authorises the Chair to exercise the proxy even though this

Resolution is connected directly or indirectly with the remuneration of a member of the Key Management Personnel.

3. Resolution 2 – Re-election of Mr Yanhua Huang as a Director

To consider and, if thought fit, to pass, with or without amendment, the following resolution as an ordinary resolution:

“That for the purposes of clause 11.4 of the Company’s Constitution and for all other purposes, Mr Yanhua Huang, retires and, being eligible, is re-elected as a Director of the Company.”

4. Resolution 3 – Re-election of Mr Qi Lu as a Director

To consider and, if thought fit, to pass, with or without amendment, the following resolution as an ordinary resolution:

“That for the purposes of clause 11.4 of the Company’s Constitution and for all other purposes, Mr Qi Lu, retires and, being eligible, is re-elected as a Director of the Company.”

5. Resolution 4 – Re-election of Mr Paul Stephenson as a Director

To consider and, if thought fit, to pass, with or without amendment, the following resolution as an ordinary resolution:

“That for the purposes of clause 11.12 of the Company’s Constitution and for all other purposes, Mr Paul Stephenson, retires and, being eligible, is re-elected as a Director of the Company.”

6. Resolution 5 – Issue of Director Incentive Options to Mr Gu Huan Qing

To consider and, if thought fit, to pass, with or without amendment, the following resolution as an ordinary resolution:

“That, for the purposes of ASX Listing Rule 10.11 and for all other purposes, Shareholders approve the grant of 15,000,000 Director Incentive Options to Mr Gu Huan Qing or his nominee, on the terms and conditions set out in the Explanatory Statement accompanying the Notice of Meeting.”

Voting Exclusion Statement:

The Company will disregard any votes cast in favour of the Resolution by or on behalf of Mr Gu Huan Qing, his nominee, any other person who will obtain a material benefit as a result of the proposed issue of securities (except a benefit solely by reason of being a holder of ordinary securities in the entity) and any of their associates.

However, this does not apply to a vote cast in favour of the Resolution by:

- (a) a person as proxy or attorney for a person who is entitled to vote on the Resolution, in accordance with directions given to the proxy or attorney to vote on the Resolution in that way; or
- (b) the chair of the meeting as proxy or attorney for a person who is entitled to vote on the Resolution, in accordance with a direction given to the chair to vote on the Resolution as the chair decides; or

- (c) a holder acting solely in a nominee, trustee, custodial or other fiduciary capacity on behalf of a beneficiary provided the following conditions are met:
 - the beneficiary provides written confirmation to the holder that the beneficiary is not excluded from voting, and is not an associate of a person excluded from voting, on the Resolution; and
 - the holder votes on the Resolution in accordance with directions given by the beneficiary to the holder to vote in that way.

Voting Prohibition Statement:

A person appointed as a proxy must not vote, on the basis of that appointment, on this Resolution if:

- (a) the proxy is either:
 - (i) a member of Key Management Personnel; or
 - (ii) a Closely Related Party of such a member; and
- (b) the appointment does not specify the way the proxy is to vote on this Resolution.

However, the above prohibition does not apply if:

- (a) the proxy is the Chair; and
- (b) the appointment expressly authorises the Chair to exercise the proxy even though this Resolution is connected directly or indirectly with remuneration of a member of Key Management Personnel.

7. Resolution 6 – Issue of Director Incentive Options to Mr Yanhua Huang

To consider and, if thought fit, to pass, with or without amendment, the following resolution as an ordinary resolution:

“That, for the purposes of ASX Listing Rule 10.11 and for all other purposes, Shareholders approve the grant of 6,000,000 Director Incentive Options to Mr Yanhua Huang or his nominee, on the terms and conditions set out in the Explanatory Statement accompanying the Notice of Meeting.”

Voting Exclusion Statement:

The Company will disregard any votes cast in favour of the Resolution by or on behalf of Mr Yanhua Huang, his nominee, any other person who will obtain a material benefit as a result of the proposed issue of securities (except a benefit solely by reason of being a holder of ordinary securities in the entity) and any of their associates.

However, this does not apply to a vote cast in favour of the Resolution by:

- (a) a person as proxy or attorney for a person who is entitled to vote on the Resolution, in accordance with directions given to the proxy or attorney to vote on the Resolution in that way; or

- (b) the chair of the meeting as proxy or attorney for a person who is entitled to vote on the Resolution, in accordance with a direction given to the chair to vote on the Resolution as the chair decides; or
- (c) a holder acting solely in a nominee, trustee, custodial or other fiduciary capacity on behalf of a beneficiary provided the following conditions are met:
 - the beneficiary provides written confirmation to the holder that the beneficiary is not excluded from voting, and is not an associate of a person excluded from voting, on the Resolution; and
 - the holder votes on the Resolution in accordance with directions given by the beneficiary to the holder to vote in that way.

Voting Prohibition Statement:

A person appointed as a proxy must not vote, on the basis of that appointment, on this Resolution if:

- (a) the proxy is either:
 - (i) a member of Key Management Personnel; or
 - (ii) a Closely Related Party of such a member; and
- (b) the appointment does not specify the way the proxy is to vote on this Resolution.

However, the above prohibition does not apply if:

- (a) the proxy is the Chair; and
- (b) the appointment expressly authorises the Chair to exercise the proxy even though this Resolution is connected directly or indirectly with remuneration of a member of Key Management Personnel.

8. Resolution 7 – Issue of Director Incentive Options to Mr Qi Lu

To consider and, if thought fit, to pass, with or without amendment, the following resolution as an ordinary resolution:

“That, for the purposes of ASX Listing Rule 10.11 and for all other purposes, Shareholders approve the grant of 5,000,000 Director Incentive Options to Mr Qi Lu or his nominee, on the terms and conditions set out in the Explanatory Statement accompanying the Notice of Meeting.”

Voting Exclusion Statement:

The Company will disregard any votes cast in favour of the Resolution by or on behalf of Mr Qi Lu, his nominee, any other person who will obtain a material benefit as a result of the proposed issue of securities (except a benefit solely by reason of being a holder of ordinary securities in the entity) and any of their associates.

However, this does not apply to a vote cast in favour of the Resolution by:

- (a) a person as proxy or attorney for a person who is entitled to vote on the Resolution, in accordance with directions given to the proxy or attorney to vote on the Resolution in that way; or
- (b) the chair of the meeting as proxy or attorney for a person who is entitled to vote on the Resolution, in accordance with a direction given to the chair to vote on the Resolution as the chair decides; or
- (c) a holder acting solely in a nominee, trustee, custodial or other fiduciary capacity on behalf of a beneficiary provided the following conditions are met:
 - the beneficiary provides written confirmation to the holder that the beneficiary is not excluded from voting, and is not an associate of a person excluded from voting, on the Resolution; and
 - the holder votes on the Resolution in accordance with directions given by the beneficiary to the holder to vote in that way.

Voting Prohibition Statement:

A person appointed as a proxy must not vote, on the basis of that appointment, on this Resolution if:

- (a) the proxy is either:
 - (i) a member of Key Management Personnel; or
 - (ii) a Closely Related Party of such a member; and
- (b) the appointment does not specify the way the proxy is to vote on this Resolution.

However, the above prohibition does not apply if:

- (a) the proxy is the Chair; and
- (b) the appointment expressly authorises the Chair to exercise the proxy even though this Resolution is connected directly or indirectly with remuneration of a member of Key Management Personnel.

9. Resolution 8 – Issue of Director Incentive Options to Mr Chow Yee Koh

To consider and, if thought fit, to pass, with or without amendment, the following resolution as an ordinary resolution:

“That, for the purposes of ASX Listing Rule 10.11 and for all other purposes, Shareholders approve the grant of 500,000 Director Incentive Options to Mr Chow Yee Koh or his nominee, on the terms and conditions set out in the Explanatory Statement accompanying the Notice of Meeting.”

Voting Exclusion Statement:

The Company will disregard any votes cast in favour of the Resolution by or on behalf of Mr Chow Yee Koh, his nominee, any other person who will obtain a material benefit as a result of the proposed issue of securities (except a benefit

solely by reason of being a holder of ordinary securities in the entity) and any of their associates.

However, this does not apply to a vote cast in favour of the Resolution by:

- (a) a person as proxy or attorney for a person who is entitled to vote on the Resolution, in accordance with directions given to the proxy or attorney to vote on the Resolution in that way; or
- (b) the chair of the meeting as proxy or attorney for a person who is entitled to vote on the Resolution, in accordance with a direction given to the chair to vote on the Resolution as the chair decides; or
- (c) a holder acting solely in a nominee, trustee, custodial or other fiduciary capacity on behalf of a beneficiary provided the following conditions are met:
 - the beneficiary provides written confirmation to the holder that the beneficiary is not excluded from voting, and is not an associate of a person excluded from voting, on the Resolution; and
 - the holder votes on the Resolution in accordance with directions given by the beneficiary to the holder to vote in that way.

Voting Prohibition Statement:

A person appointed as a proxy must not vote, on the basis of that appointment, on this Resolution if:

- (a) the proxy is either:
 - (i) a member of Key Management Personnel; or
 - (ii) a Closely Related Party of such a member; and
- (b) the appointment does not specify the way the proxy is to vote on this Resolution.

However, the above prohibition does not apply if:

- (a) the proxy is the Chair; and
- (b) the appointment expressly authorises the Chair to exercise the proxy even though this Resolution is connected directly or indirectly with remuneration of a member of Key Management Personnel.

10. Resolution 9 – Issue of Director Incentive Options to Mr Paul Stephenson

To consider and, if thought fit, to pass, with or without amendment, the following resolution as an ordinary resolution:

“That, for the purposes of ASX Listing Rule 10.11 and for all other purposes, Shareholders approve the grant of 500,000 Director Incentive Options to Mr Paul Stephenson or his nominee, on the terms and conditions set out in the Explanatory Statement accompanying the Notice of Meeting.”

Voting Exclusion Statement:

The Company will disregard any votes cast in favour of the Resolution by or on behalf of Mr Paul Stephenson, his nominee, any other person who will obtain a material benefit as a result of the proposed issue of securities (except a benefit solely by reason of being a holder of ordinary securities in the entity) and any of their associates.

However, this does not apply to a vote cast in favour of the Resolution by:

- (a) a person as proxy or attorney for a person who is entitled to vote on the Resolution, in accordance with directions given to the proxy or attorney to vote on the Resolution in that way; or
- (b) the chair of the meeting as proxy or attorney for a person who is entitled to vote on the Resolution, in accordance with a direction given to the chair to vote on the Resolution as the chair decides; or
- (c) a holder acting solely in a nominee, trustee, custodial or other fiduciary capacity on behalf of a beneficiary provided the following conditions are met:
 - the beneficiary provides written confirmation to the holder that the beneficiary is not excluded from voting, and is not an associate of a person excluded from voting, on the Resolution; and
 - the holder votes on the Resolution in accordance with directions given by the beneficiary to the holder to vote in that way.

Voting Prohibition Statement:

A person appointed as a proxy must not vote, on the basis of that appointment, on this Resolution if:

- (a) the proxy is either:
 - (i) a member of Key Management Personnel; or
 - (ii) a Closely Related Party of such a member; and
- (b) the appointment does not specify the way the proxy is to vote on this Resolution.

However, the above prohibition does not apply if:

- (c) the proxy is the Chair; and
- (d) the appointment expressly authorises the Chair to exercise the proxy even though this Resolution is connected directly or indirectly with remuneration of a member of Key Management Personnel.

11. Resolution 10 – Issue of Director Remuneration Shares to Mr Paul Stephenson

To consider and, if thought fit, to pass, with or without amendment, the following resolution as an ordinary resolution:

“That, for the purposes of ASX Listing Rule 10.11 and for all other purposes, Shareholders approve the issue of 810,203 Director Remuneration Shares to Mr Paul Stephenson or his nominee, on the terms and conditions set out in the Explanatory Statement accompanying the Notice of Meeting.”

Voting Exclusion Statement:

The Company will disregard any votes cast in favour of the Resolution by or on behalf of Mr Paul Stephenson, his nominee, any other person who will obtain a material benefit as a result of the proposed issue of securities (except a benefit solely by reason of being a holder of ordinary securities in the entity) and any of their associates.

However, this does not apply to a vote cast in favour of the Resolution by:

- (a) a person as proxy or attorney for a person who is entitled to vote on the Resolution, in accordance with directions given to the proxy or attorney to vote on the Resolution in that way; or
- (b) the chair of the meeting as proxy or attorney for a person who is entitled to vote on the Resolution, in accordance with a direction given to the chair to vote on the Resolution as the chair decides; or
- (c) a holder acting solely in a nominee, trustee, custodial or other fiduciary capacity on behalf of a beneficiary provided the following conditions are met:
 - the beneficiary provides written confirmation to the holder that the beneficiary is not excluded from voting, and is not an associate of a person excluded from voting, on the Resolution; and
 - the holder votes on the Resolution in accordance with directions given by the beneficiary to the holder to vote in that way.

Voting Prohibition Statement:

A person appointed as a proxy must not vote, on the basis of that appointment, on this Resolution if:

- (a) the proxy is either:
 - (i) a member of Key Management Personnel; or
 - (ii) a Closely Related Party of such a member; and
- (b) the appointment does not specify the way the proxy is to vote on this Resolution.

However, the above prohibition does not apply if:

- (a) the proxy is the Chair; and
- (b) the appointment expressly authorises the Chair to exercise the proxy even though this Resolution is connected directly or indirectly with remuneration of a member of Key Management Personnel.

12. Resolution 11 – Approval of additional placement capacity

To consider and, if thought fit, to pass, with or without amendment, the following resolution as a special resolution:

“That for the purposes of ASX Listing Rule 7.1A and for all other purposes, the issue of up to 10% of the Company’s share capital calculated in accordance with Listing Rule 7.1A, and on the terms and conditions set out in the Explanatory Statement, is approved.”

13. Resolution 12 – Adoption of Employee Incentive Plan

To consider and, if thought fit, to pass, with or without amendment, the following resolution as an ordinary resolution:

“That, for the purposes of ASX Listing Rule 7.2 (Exception 9(b)) and for all other purposes, Shareholders re-approve and re-authorise the Directors to grant Options, Performance Rights and Deferred Share Awards, and issue Shares pursuant to those Options, Performance Rights and Deferred Share Awards from time to time on the terms and conditions set out in the Employee Incentive Plan, a summary of which is set out in the Explanatory Statement, as an exception to ASX Listing Rule 7.1.”

Voting Exclusion Statement:

The Company will disregard any votes cast in favour of the Resolution by or on behalf of a person who is eligible to participate in the employee incentive scheme and any of their associates.

However, this does not apply to a vote cast in favour of the Resolution by:

- (a) a person as proxy or attorney for a person who is entitled to vote on the Resolution, in accordance with directions given to the proxy or attorney to vote on the Resolution in that way; or
- (b) the chair of the meeting as proxy or attorney for a person who is entitled to vote on the Resolution, in accordance with a direction given to the chair to vote on the Resolution as the chair decides; or
- (c) a holder acting solely in a nominee, trustee, custodial or other fiduciary capacity on behalf of a beneficiary provided the following conditions are met:
 - the beneficiary provides written confirmation to the holder that the beneficiary is not excluded from voting, and is not an associate of a person excluded from voting, on the Resolution; and
 - the holder votes on the Resolution in accordance with directions given by the beneficiary to the holder to vote in that way.

Voting Prohibition Statement:

A person appointed as a proxy must not vote, on the basis of that appointment, on this Resolution if:

- (a) the proxy is either:

- (i) a member of Key Management Personnel; or
- (ii) a Closely Related Party of such a member; and
- (b) the appointment does not specify the way the proxy is to vote on this Resolution.

However, the above prohibition does not apply if:

- (a) the proxy is the Chair; and
- (b) the appointment expressly authorises the Chair to exercise the proxy even though this Resolution is connected directly or indirectly with remuneration of a member of Key Management Personnel.

14. Resolution 13 – Ratification of issue of 21 October 2020

To consider and, if thought fit, to pass, with or without amendment, the following resolution as an ordinary resolution:

“That, for the purposes of ASX Listing Rule 7.4 and for all other purposes, Shareholders ratify the issue of 30,000,000 Shares on the terms and conditions set out in the Explanatory Statement.”

Voting Exclusion Statement:

The Company will disregard any votes cast in favour of the Resolution by or on behalf of a person who participated in the issue or is a counterparty to the agreement to issue the Shares and any of their associates.

However, this does not apply to a vote cast in favour of the Resolution by:

- (a) a person as proxy or attorney for a person who is entitled to vote on the Resolution, in accordance with directions given to the proxy or attorney to vote on the Resolution in that way; or
- (b) the chair of the meeting as proxy or attorney for a person who is entitled to vote on the Resolution, in accordance with a direction given to the chair to vote on the Resolution as the chair decides; or
- (c) a holder acting solely in a nominee, trustee, custodial or other fiduciary capacity on behalf of a beneficiary provided the following conditions are met:
 - the beneficiary provides written confirmation to the holder that the beneficiary is not excluded from voting, and is not an associate of a person excluded from voting, on the Resolution; and
 - the holder votes on the Resolution in accordance with directions given by the beneficiary to the holder to vote in that way.

Explanatory Statement

The accompanying Explanatory Statement forms part of this Notice and should be read in conjunction with it.

Shareholders are specifically referred to the Glossary in the Explanatory Statement which contains definitions of capitalised terms used in this Notice and the Explanatory Statement.

Proxies

Please note that:

- (a) a Shareholder entitled to attend and vote at the Meeting is entitled to appoint a proxy;
- (b) a proxy need not be a member of the Company;
- (c) a Shareholder may appoint a body corporate or an individual as its proxy;
- (d) a body corporate appointed as a Shareholder's proxy may appoint an individual as its representative to exercise any of the powers that the body may exercise as the Shareholder's proxy; and
- (e) Shareholders entitled to cast two or more votes may appoint two proxies and may specify the proportion or number of votes each proxy is appointed to exercise, but where the proportion or number is not specified, each proxy may exercise half of the votes.

The enclosed proxy form provides further details on appointing proxies and lodging proxy forms. If a Shareholder appoints a body corporate as its proxy and the body corporate wishes to appoint an individual as its representative, the body corporate should provide that person with a certificate or letter executed in accordance with the Corporations Act authorising him or her to act as that company's representative. The authority may be sent to the Company or its share registry in advance of the Meeting or handed in at the Meeting when registering as a corporate representative.

Voting Entitlements

The Directors have determined pursuant to Regulation 7.11.37 of the *Corporations Regulations 2001 (Cth)* that the persons eligible to vote at the Meeting are those who are registered Shareholders at 7:00pm (Sydney time) on 27 November 2020.

Corporate Representative

Any corporate Shareholder who has appointed a person to act as its corporate representative at the Meeting should provide that person with a certificate or letter executed in accordance with the Corporations Act authorising him or her to act as that company's representative. The authority may be sent to the Company Secretary in advance of the Meeting or handed in at the Meeting when registering as a corporate representative. An appointment of Corporate Representative form is enclosed if required.

By order of the Board

Gu Huan Qing
Chairperson
28 October 2020

EXPLANATORY STATEMENT

1. Financial Statements

The Financial Statements are placed before the meeting thereby giving shareholders the opportunity to discuss those documents and to ask questions. The Company's auditor will be attending the Meeting and will be available to answer any questions relevant to the conduct of the audit and his report.

No vote will be taken on the Financial Statements. However, shareholders attending the Meeting will be given a reasonable opportunity to ask questions about, or make comments on, the Financial Statements.

2. Resolution 1 – Adoption of the Remuneration Report

2.1 Background

The Annual Report for the year ended 30 June 2020 contains the Remuneration Report which:

- (a) explains the Board's policies in relation to the nature and level of remuneration paid to Directors of the Company;
- (b) sets out the remuneration details for each Director; and
- (c) sets out the details of any Share based compensation.

The Remuneration Report is contained within the Directors' Report in the Company's Annual Report.

Voting on the adoption of the Remuneration Report is for advisory purposes only and will not bind the Directors or the Company.

The Chairperson of the Meeting will allow reasonable opportunity for Shareholders to ask questions about, or comment on, the Remuneration Report at the Meeting.

The Board will consider the outcome of the vote and comments made by shareholders on the Remuneration Report at the Meeting when reviewing the Company's remuneration policies.

Under the Corporations Act, if 25% or more of votes that are cast are voted against the adoption of the Remuneration Report at two consecutive meetings, Shareholders will be required to vote at the second of those meetings on a resolution (a "spill resolution") on whether the Board should be put up for re-election. If the spill resolution is passed, another meeting must be held within 90 days at which all of the Company's Directors (other than the Executive Chairperson) who were in office at the date of approval of the applicable Directors' Report must go up for re-election.

2.2 Recommendation

The Board recommends that Shareholders vote in favour of the Resolution.

3. Resolutions 2 and 3 – Re-election of Mr Yanhua Huang and Mr Qi Lu as Directors

3.1 Background

In accordance with clause 11.4 of the Company's Constitution, Mr Yanhua Huang and Mr Qi Lu retire, and being eligible, offer themselves for re-election as Directors.

Mr Yanhua Huang is a seasoned businessman and management consultant with almost 20 years of experience, accumulated from working in management consulting firm Accenture and audit firm KPMG, and also from managing companies in the construction, manufacturing and trading industries. Mr Huang graduated from the Lancaster University with a Bachelor degree and from the London School of Economics with a Master's degree.

Mr Qi Lu graduated from University of Shanghai for Science and Technology with bachelor's degree in Business Administration and has worked in financial institutions, namely, China Bank of Communications and Shanghai Overseas Chinese Exit-Entry Service Co., Ltd for almost 20 years, providing financial services and advices on corporate activities and investments to high net worth individuals and family offices. With the experience gained, Mr Lu set up his own financial consulting company in Shanghai, offering a variety of services and financial advices to clients throughout Asia.

3.2 Recommendation

The Board (excluding Mr Huang in respect of Resolution 2 and Mr Lu in respect of Resolution 3) recommends that Shareholders vote in favour of Resolutions 2 and 3.

4. Resolutions 4 – Re-election of Mr Paul Stephenson as Directors

4.1 Background

In accordance with clause 11.12 of the Company's Constitution, Mr Paul Stephenson retires, and being eligible, offers himself for re-election as Director.

Mr Stephenson was a partner in the Sydney Office of HWL Ebsworth Lawyers (HWLE) for thirteen years before retiring from the partnership in 2017. Mr Stephenson remains a consultant with HWLE and is also a foreign (Australian) lawyer consultant with Israeli law firm Afik & Co. Mr Stephenson specialises in public and private equity fundraising, initial public offerings, backdoor listings and reverse mergers (both in Australia and the United States), and mergers and acquisitions involving both private and listed companies. Mr Stephenson has experience in a large number of industry sectors including resources, oil and gas, retailing, financial markets, and cannabis. Mr Stephenson has acted on many cross border transactions and has expertise in equity capital markets and M&A transactions involving the USA, UK, China, Indonesia, Singapore, Malaysia, Hong Kong and Israel.

4.2 Recommendation

The Board (excluding Mr Stephenson) recommends that Shareholders vote in favour of Resolutions 4.

5. Resolutions 5 to 10 – Issue of Director Incentive Options and Director Remuneration Shares

5.1 General

The Board is seeking Shareholder approval to grant:

- (a) 15,000,000 Director Incentive Options to Mr Gu Huan Qing, or his nominee;
- (b) 6,000,000 Director Incentive Options to Mr Yanhua Huang, or his nominee;
- (c) 5,000,000 Director Incentive Options to Mr Qi Lu, or his nominee;
- (d) 500,000 Director Incentive Options to Mr Chow Yee Koh, or his nominee;
- (e) 500,000 Director Incentive Options to Mr Paul Stephenson, or his nominee; and
- (f) 810,203 Shares (**Director Remuneration Shares**), valued at \$14,000 to Mr Paul Stephenson, or his nominee.

(together, the **Director Securities**).

5.2 Reasons for grant of Director Incentive Options

The grant of the Director Incentive Options to the Directors is considered to be a cost-effective mechanism to assist in the reward and retention of the Directors of the Company. The grant of the Director Incentive Options to the current Directors forms part of the Company's long-term incentive objectives to encourage the relevant Directors to have a greater involvement in the achievement of the Company's objectives and to provide them with the opportunity to participate in the future growth and prosperity of the Company through share ownership.

The Board considers the number of Director Incentive Options proposed to be granted will ensure that overall Director remuneration remains competitive with market standards.

5.3 Reasons for grant of Director Remuneration Shares

The Director Remuneration Shares to be issued to Mr Paul Stephenson are provided in lieu of cash remuneration in accordance with his engagement agreement (pursuant to which Mr Stephenson's total remuneration of \$60,000 comprises 60% cash and 40% securities)

5.4 Purpose of approval

Approval for the grant of the Director Securities is sought for the purposes of Listing Rule 10.11 and for all other purposes.

Listing Rule 10.11 provides that, unless one of the exceptions in Listing Rule 10.12 applies, an entity must not issue or agree to issue equity securities to, inter alia, a Director without the approval of holders of ordinary securities.

Chapter 2E of the Corporations Act also requires Shareholder approval where a public company seeks to give a “financial benefit” to a “related party” (unless an exception applies). A “related party” for the purposes of the Corporations Act is defined widely. It includes a director of a public company and specified members of the director’s family. It also includes an entity over which a director maintains control. The Directors are considered to be related parties within the meaning of the Corporations Act, and the Director Securities will constitute a financial benefit for the purposes of Chapter 2E of the Corporations Act.

A “financial benefit” is defined in section 229 of the Corporations Act. This concept includes issuing shares to a related party.

Section 211 of the Corporations Act provides an exception to the requirement to obtain shareholder approval for giving a financial benefit to a related party, where the financial benefit is remuneration of a related party as an officer of the Company and is on terms that would be reasonable in the circumstances.

The Company considers that the proposed issues of Director Securities to the Directors fall within the reasonable remuneration exception set out in section 211 of the Corporations Act.

If Resolutions 5 to 10 are passed, the Company will be able to proceed with the issue of the Director Incentive Options and Director Remuneration Shares to the Directors. If Resolutions 5 to 10 are not passed, the Company will not be able to proceed with the issue of the Director Incentive Options and Director Remuneration Shares to the Directors, and the Company may need to seek alternative means of raising capital and re-negotiate the remuneration packages received by each Director.

5.5 Key terms of the grant

The following information is provided pursuant to Listing Rule 10.13:

Names of persons entitled to participate

The names of all persons to whom Director Securities are intended to be issued are:

- (a) Mr Gu Huan Qing;
- (b) Mr Yanhua Huang
- (c) Mr Qi Lu
- (d) Mr Chow Yee Koh; and
- (e) Mr Paul Stephenson.

Categories of person to participate

Mr Gu Huan Qing, Mr Yanhua Huang, Mr Qi Lu, Mr Chow Yee Koh and Mr Paul Stephenson are Directors, and are therefore related parties for the purposes of Listing Rule 10.11.1.

Maximum number and class of securities that may be granted

The Company will issue Director Securities as follows:

- (a) up to 15,000,000 Director Incentive Options to Mr Gu Huan Qing, or his nominee;
- (b) up to 6,000,000 Director Incentive Options to Mr Yanhua Huang, or his nominee;
- (c) up to 5,000,000 Director Incentive Options to Mr Qi Lu, or his nominee;
- (d) up to 500,000 Director Incentive Options to Mr Chow Yee Koh, or his nominee;
- (e) up to 500,000 Director Incentive Options to Mr Paul Stephenson, or his nominee; and
- (f) 810,203 Director Remuneration Shares, valued at \$14,000 to Mr Paul Stephenson, or his nominee.

Summary of material terms of Director Incentive Options

The terms of the Director Incentive Options are set out in Schedule 1.

Date of Grant

The Director Securities will be issued on or before 20 December 2020.

Price

Each Director Incentive Option will be granted for a deemed issue value of \$0.01, and forms part of the remuneration of the relevant Directors for services provided as a director of the Company.

Each Director Remuneration Share will be granted for a deemed issue value of \$0.01728, calculated at the volume weighted average price of the Shares over a 7 months trading period from 1 April 2020 to 19 October 2020, and forms part of the remuneration of Mr Paul Stephenson for services provided as a director of the Company.

Intended use of funds raised

No funds will be raised from the grant of the Director Securities.

Details (including amounts) of all participating Director's remuneration packages

The Directors remuneration packages are as follows:

- (a) Mr Gu Huan Qing is paid \$229,860 per annum;
- (b) Mr Yanhua Huang is paid \$36,000 per annum;
- (c) Mr Qi Lu is paid \$36,000 per annum;

- (d) Mr Chow Yee Koh is paid \$36,000 per annum; and
- (e) Mr Paul Stephenson is paid \$60,000 per annum, comprising \$36,000 in cash and \$24,000 in Director Remuneration Shares.

5.6 Voting exclusion statement

A voting exclusion statement is included in the Notice for each relevant Resolution.

5.7 Corporate governance

The ASX Listing Rules set out best practice recommendations for ASX listed entities. In accordance with the corporate governance guidelines there are no performance hurdles attached to the Director Incentive Options. The periodic grant of options to Directors as a component of their remuneration is considered appropriate by the Board for the Company's current stage of development.

The Board considers the grant of the Director Incentive Options to the Directors is reasonable in the circumstances, where the preservation of the Company's cash resources is important and the retention of high quality and well-credentialed Directors is considered paramount to the ongoing development of the Company.

5.8 Listing Rule 7.1

Approval under Listing Rule 7.1 is not required in order to grant the Director Securities to the Directors or their nominees as approval is being obtained under Listing Rule 10.11.

Accordingly, the grant of the Director Securities will not be included in calculating the Company's capacity to issue equity securities equivalent to 15% of the Company's Shares under Listing Rule 7.1.

5.9 Directors' Recommendation

The Directors (excluding, Mr Gu Huan Qing in respect of Resolution 5, Mr Yanhua Huang in respect of Resolution 6, Mr Qi Lu in respect of Resolution 7, Mr Chow Yee Koh in respect of Resolution 8, and Mr Paul Stephenson in respect of Resolution 9 and Resolution 10) recommend that Shareholders vote in favour of the Resolutions.

6. Resolution 11 – Approval of additional placement capacity

6.1 Background

The Company is seeking shareholder approval to create an ability to issue up to an additional 10% of the issued share capital of the Company under ASX Listing Rule 7.1A (**10% Placement**).

Resolution 11 is a special resolution and requires approval of 75% of the votes cast by Shareholders present and eligible to vote. The only securities that the 10% Placement can cover are existing quoted securities, namely ordinary fully paid Shares.

As at the date of this Notice, the Company has a market capitalisation of \$11,417,342.¹

6.2 Eligibility criteria

Under Listing Rule 7.1A, an eligible listed entity may, subject to shareholder approval by way of special resolution, issue Shares comprising up to 10% of its issued share capital in addition to the normal 15% new issue capacity under Listing Rule 7.1.

An eligible entity for the purposes of Listing Rule 7.1A is an entity that is not included in the S&P/ASX 300 Index and has a market capitalisation of \$300 million or less. The Company is an eligible entity.

6.3 Placement capacity under Listing Rule 7.1 and 7.1A

The 10% Placement is in addition to a listed entity's usual 15% placement capacity under Listing Rule 7.1. As at the date of finalisation of this Notice, the Company has 641,608,364 Shares on issue and therefore, in addition to any other Shares which it can issue under the permitted exceptions to Listing Rules 7.1 and 7.1A, it has the capacity to issue:

- (a) 96,241,254 Shares under Listing Rule 7.1; and
- (b) 64,160,836 Shares under Listing Rule 7.1A.

The actual number of Shares that the Company will have capacity to issue under Listing Rule 7.1A will be calculated at the date of issue of the Shares in accordance with the formula in Listing Rule 7.1A.2.

In summary, Listing Rule 7.1A.2 would apply to the Company as follows:

If the Company has obtained the approval of Shareholders at the Meeting (ie. if this Resolution is passed), the Company may issue or agree to issue, during the approval period (ie. the 12 month period after the date of the Meeting or, in the event that Shareholders approve a transaction under Listing Rule 11.1.2 (a significant change to the nature or scale of activities) or Listing Rule 11.2 (disposal of main undertaking), the date of such approval, whichever occurs first), a number of Shares calculated in accordance with the following formula:

$$(A \times D) - E$$

Where²:

A = The number of Shares on issue 12 months before the date of issue or agreement,

- plus the number of Shares issued in the 12 months under an exception in Listing Rule 7.2 (which contains numerous exceptions to Listing Rule 7.1 and Listing Rule 7.1A, including in relation to issues of Shares pursuant to

¹ Based on a market price for each Share of \$0.017 and a total of 671,608,364 Shares on issue on 26 October 2020.

² Nb. The explanation of the formula components should be read in conjunction with the definitions and rules of interpretation in the Listing Rules.

pro-rata issues, upon the conversion of convertible securities such as options; under off-market bids, mergers by scheme of arrangement or approved employee incentive schemes, or certain issues of preference shares, etc – refer to Listing Rule 7.2 for full details),

- plus the number of partly paid Shares that became fully paid in the 12 months,
- plus the number of Shares issued with Shareholder approval under Listing Rule 7.1 (ie. the 15% capital raising approval requirement rule) or Listing Rule 7.4 (which relates to subsequent approvals by Shareholders of an issue of equity securities),
- less the number of Shares cancelled in the previous 12 months.

D = 10%.

E = The number of equity securities issued or agreed to be issued under Listing Rule 7.1A.2 in the 12 months before the date of issue or agreement to issue that are not issued with the approval of Shareholders under Listing Rule 7.1 or Listing Rule 7.4.

6.4 Minimum issue price

In accordance with Listing Rule 7.1A, Shares issued by the Company under a 10% Placement can only be issued at a price that is not less than 75% of the VWAP (volume weighted average price) of the Shares calculated over the 15 trading days on which trades in its Shares were recorded immediately before:

- (a) the date on which the issue price of the Shares is agreed; or
- (b) the issue date (if the Shares are not issued within ten trading days of the date on which the issue price is agreed).

The Company notes that equity securities issued in accordance with Listing Rule 7.1A must be issued for cash consideration.

6.5 Placement period

Shareholder approval under Listing Rule 7.1A is valid from the date of this Meeting until the earlier to occur of:

- (a) 12 months after the date of the Meeting;
- (b) the time and date of the Company's next annual general meeting; and
- (c) the date of approval by Shareholders of a transaction under Listing Rule 11.1.2 (a significant change to the nature or scale of activities) or Listing Rule 11.2 (disposal of main undertaking), or such longer period if allowed by ASX.

Shareholder approval under Listing Rule 7.1A does not lapse if the Company's market capitalisation subsequently exceeds \$300 million or if it is included in

the S&P/ASX 300 Index at some time during that period provided that the Company meets those criteria on the date of the Meeting.

6.6 Dilution to existing shareholdings

If this Resolution is approved by Shareholders and the Company issues Shares under the 10% Placement, there is a risk of economic and voting dilution to existing Shareholders as a result.

Further, as the market price of the Company's Shares may be significantly lower on the issue date than on the date of Meeting approval, and because the Shares may be issued at a price that is at a discount to the market price on the issue date, there is a risk that the 10% Placement may raise less funding than it would based on current market prices.

As required by Listing Rule 7.3A.2, the table below shows a number of hypothetical scenarios for a 10% Placement where variable "A" in the formula in Listing Rule 7.1A.2 (representing the Company's share capital) has increased by either 50% or 100%, and the share price has decreased by 50% or increased by 100% from the approximate share price as at the date of finalisation of this Notice.

Share Capital (Variable 'A' in Listing Rule 7.1A.2)		Dilution table		
		\$0.0085 (50% decrease in share price)	\$0.017 share price	\$0.034 (100% increase in share price)
Current Shares (671,608,364 Shares)	Number of Shares issued	67,160,836	67,160,836	67,160,836
	Funds raised	\$570,867	\$1,141,734	\$2,283,468
50% increase (1,007,412,546 Shares)	Number of Shares issued	100,741,255	100,741,255	100,741,255
	Funds raised	\$856,301	\$1,712,601	\$3,425,203
100% increase (1,343,216,728 Shares)	Number of Shares issued	134,321,673	134,321,673	134,321,673
	Funds raised	\$1,141,734	\$2,283,468	\$4,566,937

The dilution table has been prepared on the following hypothetical assumptions. The Company does not represent that they will necessarily occur:

- (a) the Company issues the maximum number of Shares available under the 10% Placement;
- (b) any increase in Variable A (being the issued share capital at the time of issue) is due to an issue of Shares which is an exception in Listing Rule 7.2, for example a pro-rata rights issue;
- (c) the table shows only the effect of issues of Shares under Listing Rule 7.1A, not under the 15% placement capacity under Listing Rule 7.1;

- (d) the table does not show the dilution that may be caused to any particular Shareholder by reason of placements under Listing Rule 7.1A, based on that Shareholder's holding at the date of the Meeting; and
- (e) the share price is assumed to be \$0.017, being the approximate Share price on 26 October 2020 prior to finalising this Notice.

6.7 Purpose of the 10% Placement

The Company may seek to issue Shares under the 10% Placement for a cash issue price. In this case, the Company may use the funds for working capital, for expansion of the Company's business in Australia and Asia, and for other corporate purposes.

6.8 Allocation policy

The Company's allocation policy is dependent on the prevailing market conditions at the time of any proposed issue under the 10% Placement. The identity of the allottees under the 10% Placement will be determined on a case by case basis having regard to the factors including the following:

- (a) the methods of raising funds that are available to the Company, including a rights issue or other issue in which existing shareholders can participate;
- (b) the effect of the issue of the Shares on the control of the Company;
- (c) the financial situation and solvency of the Company; and
- (d) advice from corporate, financial and broking advisors (if applicable).

The allottees under the 10% Placement have not been determined as at the date of finalisation of this Notice and may include existing substantial Shareholders and/or new Shareholders, but the allottees cannot include any directors, related parties or associates of a related party of the Company without a further specific shareholder approval.

6.9 Issues under ASX Listing Rule 7.1A

The Company previously obtained approval to issue Equity Securities pursuant to ASX Listing Rule 7.1A at the annual general meeting held on 29 November 2019. No equity securities were issued pursuant to ASX Listing Rule 7.1A since that date.

In the 12 months preceding the date of the Meeting, the Company has issued 40,500,000 equity securities, representing 6.31% of the total number of ordinary shares on issue at the commencement of that 12 month period.

Details of all issues of equity securities by the Company during the preceding 12 months are set out at Schedule 2.

6.10 Voting exclusion

A voting exclusion statement is not included in the Notice. At the date of finalisation of the Notice, the Company has not approached any particular existing Shareholder or an identifiable class of existing Shareholders to

participate in the issue of the Shares. No existing Shareholder's vote will therefore be excluded from voting on in the Resolution.

6.11 Previous approval

The Company has previously obtained Shareholder approval under Listing Rule 7.1A at the annual general meeting held on 29 November 2019.

6.12 Recommendation

As at the date of finalisation of this Notice, the Company has no plans to raise additional capital. However, many eligible companies seek this form of available shareholder approval to enable a capital raising to be implemented if appropriate during the following year. Accordingly, shareholder approval of this Resolution is considered to be a prudent approach. The Directors believe that this Resolution will provide the Company with flexibility to raise capital quickly if advantageous terms are available, and is in the best interests of the Company.

The Board recommends that Shareholders vote in favour of the Resolution.

7. Resolution 12 – Adoption of Employee Incentive Plan

7.1 Background

The Company previously sought, and was granted approval, under Listing Rule 7.2 (Exception 13(b) – then Exception 9(b)), for the Employee Incentive Plan at its annual general meeting held on 30 November 2017.

The Board is now seeking re-approval for the Employee Incentive Plan in accordance with the ASX Corporate Governance Council's Principles and Recommendations (4th Edition).

In addition, re-approval is sought under Listing Rule 7.2 (Exception 13(b)) which provides an exemption from the Listing Rule 7.1 15% annual limit on securities issued under an employee share incentive scheme provided, within three years before the date of issue, shareholders have approved the issue of securities under the plan. In the absence of such approval, the issue can still occur but is counted as part of the Listing Rule 7.1 15% limit which would otherwise apply during a 12 month period.

The Directors considered that it was desirable to establish an employee equity incentive plan pursuant to which employees may be offered the opportunity to be granted Options, Performance Rights and Deferred Share Awards in the Company.

The Employee Incentive Plan provides Directors, senior executives, employees and consultants with an opportunity to participate in the Company's future growth and gives them an incentive to contribute to that growth.

The Directors consider that the approval of the Employee Incentive Plan will enable the Company to retain and attract skilled and experienced directors, senior executives, employees and consultants and provide them with the motivation to make the Company more successful.

A copy of the Employee Incentive Plan will be made available for inspection at the Company's registered office before the Meeting and at the Meeting. A summary of the terms of the Employee Incentive Plan is contained in Schedule 3.

To allow the Directors to issue securities pursuant to the Employee Incentive Plan as an exception to Listing Rule 7.1, Shareholder approval of the Employee Incentive Plan is being sought pursuant to Listing Rule 7.2 Exception 13(b).

The Company will seek prior Shareholder approval in accordance with the Corporations Act and the Listing Rules prior to issuing any Options, Performance Rights and Deferred Share Awards under the Employee Incentive Plan to Directors or their associates.

7.2 Regulatory Requirements

The following information is provided to Shareholders for the purpose of Listing Rule 7.2 Exception 13(b):

- (a) a summary of the terms of the Employee Incentive Plan is set out in Schedule 3;
- (b) no Options, Performance Rights and Deferred Share Awards have been issued under the Employee Incentive Plan since 30 November 2017;
- (c) the Company proposes to issue maximums of up to 33,580,418 Performance Rights or up to 33,580,418 Options or up to 33,580,418 Deferred Share Awards following approval of the Resolution; and
- (d) a voting exclusion statement for the Resolution is included in the Notice.

7.3 Directors' Recommendation

The Board recommends that Shareholders vote in favour of the Resolution.

8. Resolution 13 – Ratification of issue of 21 October 2020

8.1 General

This Resolution seeks shareholder ratification of the issue of Shares to Mr Yueming Cao, who is considered to be 'material' for the purposes of section 7.4 of ASX Guidance Note 21, on 21 October 2020 at issue price of \$0.018 as part consideration for the acquisition of 50.1% of the securities in Shenzhen Lantene Dingzhi Biotechnology Co Ltd as announced to ASX on 20 October 2020.

8.2 Listing Rule 7.4

Listing Rule 7.1 provides that a company must not issue or agree to issue during any 12 month period any equity securities, or other securities with rights to conversion to equity, if the number of those securities exceeds 15% of the number of securities in the same class on issue at the commencement of that 12 month period without shareholder approval.

Listing Rule 7.4 provides that where an issue of securities made without Shareholder approval under Listing Rule 7.1 is subsequently approved by

Shareholders (and the issue did not breach Listing Rule 7.1), the issue of securities will be treated as having been made with approval for the purpose of Listing Rule 7.1.

By ratifying the issue of equity securities, the Company will retain the flexibility to issue equity securities in the future up to the 15% annual placement capacity under Listing Rule 7.1 and (subject to approval of Resolution 11) the additional 10% annual placement facility under Listing Rule 7.1A without the requirement to obtain prior Shareholder approval.

If Shareholders do not ratify the issue of equity securities, the issue will be counted towards the Company's 15% annual placement capacity under Listing Rule 7.1.

8.3 Technical information required by ASX Listing Rule 7.4

Pursuant to and in accordance with ASX Listing Rule 7.5, the following information is provided in relation to the ratification of shares issued on 21 October 2020:

- (a) The Shares were issued to Mr Yueming Cao pursuant to an agreement for the Company to acquire 50.1% of the securities in Shenzhen Lantene Dingzhi Biotechnology Co Ltd ("Lantene") as announced to ASX on 20 October 2020.
- (b) 30,000,000 Shares were issued.
- (c) The Shares were issued on 21 October 2020.
- (d) The Shares were issued as part consideration for the acquisition of 50.1% share of Lantene.
- (e) The Shares were issued as part consideration for the acquisition of Lantene, and therefore no funds were raised from the issue of the Shares.
- (f) A summary of the material terms of the agreement pursuant to which the Shares were issued is set out in the Company's announcement dated 20 October 2020.
- (g) A voting exclusion statement is included in the Notice.

9. Action to be taken by Shareholders

Shareholders should read the Notice and this Explanatory Statement carefully before deciding how to vote on the Resolutions.

10. Glossary

\$ means Australian dollars.

Annual General Meeting or **Meeting** means the meeting convened by the Notice.

Board means the board of Directors.

Chairperson means the person appointed to chair the Meeting.

Closely Related Party of a member of the Key Management Personnel means:

- (a) a spouse or child of the member;
- (b) a child of the member's spouse;
- (c) a dependant of the member or the member's spouse;
- (d) anyone else who is on the member's family and may be expected to influence the member, or be influenced by the member, in the member's dealing with the entity;
- (e) a company the member controls; or
- (f) a person prescribed by the *Corporations Regulations 2001 (Cth)* for the purposes of this definition.

Company means Stemcell United Limited (ACN 009 104 330)

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

Deferred Share Award means a deferred share award pursuant to the Employee Incentive Plan.

Director means a director of the Company.

Director Incentive Option means an unlisted option to acquire a Share, exercisable at \$0.01 on or before the date that is 5 years from its date of issue, on the terms set out at Schedule 1.

Director Remuneration Shares has the meaning given to that term in Section 5.1(f).

Director Securities has the meaning given to that term in Section 5.1.

Employee Incentive Plan means the Company's Employee Incentive Plan, a summary of which is set out at Schedule 3.

Explanatory Statement means the explanatory statement attached to the Notice.

Financial Statements means the financial reports, directors' declaration and reports, and the auditor's report for the Company.

Key Management Personnel has the same meaning as in the accounting standards issued by the Australian Accounting Standards Board and means those persons having authority and responsibility for planning, directing and controlling the activities of the Company, or if the Company is part of a consolidated entity, of the consolidated entity, directly or indirectly, including any director (whether executive or otherwise) of the Company, or if the Company is part of a consolidated entity, of an entity within the consolidated group.

Listing Rules means the ASX Listing Rules.

Meeting means the annual general meeting the subject of this Notice.

Non-executive Director means a non-executive Director of the Company.

Notice means this notice of meeting.

Option means an option pursuant to the Employee Incentive Plan.

Performance Right means a performance right pursuant to the Employee Incentive Plan.

Resolution means a resolution contained in the Notice.

Section means a section contained in this Explanatory Statement.

Schedule means a schedule to this Explanatory Statement.

Share means a fully paid ordinary share in the capital of the Company.

Shareholder means a shareholder of the Company.

In this Notice, words importing the singular include the plural and vice versa.

Schedule 1 – Director Incentive Option Terms

An Option entitles the holder to subscribe for an ordinary share (**Share**) in Stemcell United Limited (ACN 009 104 330) (**Company**) on the terms and conditions set out below.

- (a) **Entitlement**
- Each Option entitles the holder to subscribe for one Share upon exercise of the Option.
- (b) **Expiry Date**
- Each Option will expire at 5.00pm (Sydney time) on the date that is 5 years from the date of issue of the Option (**Expiry Date**).
- (c) **Exercise Price**
- Each Option will have an exercise price of \$0.01 (**Exercise Price**).
- (d) **Vesting, exercise period and lapsing**
- Subject to clause (i), Options may be exercised at any time after the date of issue and prior to the Expiry Date. After this time, any unexercised Options will automatically lapse.
- (e) **Exercise Notice and payment**
- Options may be exercised by notice in writing to the Company (**Exercise Notice**) together with payment to the Company of the Exercise Price for each Option being exercised. Any Exercise Notice for an Option received by the Company will be deemed to be a notice of the exercise of that Option as at the date of receipt. Cheques paid in connection with the exercise of Options must be in Australian currency, made payable to the Company and crossed "Not Negotiable".
- (f) **Shares issued on exercise**
- Shares issued on exercise of Options will rank equally in all respects with then existing fully paid ordinary shares in the Company.
- (g) **Quotation of Shares**
- Provided that the Company is quoted on the official list of ASX Limited at the time, application will be made by the Company to ASX Limited for quotation of the Shares issued pursuant to the exercise of the Options.
- (h) **Timing of issue of Shares**
- Subject to clause (i), within 5 business days after receipt of an Exercise Notice the Company will allot and issue the Shares pursuant to the exercise of the Options. The Company makes no representation that the Shares will be freely tradeable upon issue and the holder acknowledges that the Shares may be subject to the on-sale restrictions contained in sections 706 and 707 of the *Corporations Act 2001 (Cth)* (**Corporations Act**). In these circumstances, the holder agrees not to trade the Shares for so long as the Shares are subject to such restrictions.
- (i) **Shareholder and regulatory approvals**
- (i) Notwithstanding any other provision of these terms and conditions, exercise of Options into Shares will be subject to the Company obtaining all required (if any) Shareholder and regulatory approvals for the purpose of issuing the Shares to the holder.
- (ii) If exercise of the Options would result in any person being in contravention of section 606 of the Corporations Act then the exercise of each Option that would cause the contravention will be deferred until such time or times that the exercise would not result in a contravention of section 606 of the Corporations Act.

- (iii) Holders must give notification to the Company in writing if they consider that the exercise of the Options may result in the contravention of section 606 of the Corporations Act, failing which the Company will be entitled to assume that the exercise of the Options will not result in any person being in contravention of section 606 of the Corporations Act.

(j) Participation in new issues

There are no participation rights or entitlements inherent in the Options and holders will not be entitled to participate in new issues of capital offered to Shareholders during the currency of the Options. However, the Company will ensure that for the purposes of determining entitlements to any such issue, the record date will be at least four business days after the issue is announced. This is intended to give the holders of Options the opportunity to exercise their Options prior to the announced record date for determining entitlements to participate in any such issue.

(k) Adjustment for bonus issues of Shares

- (i) If the Company makes a bonus issue of Shares or other securities to existing Shareholders (other than an issue in lieu or in satisfaction of dividends or by way of dividend reinvestment):
- (ii) the number of Shares which must be issued on the exercise of an Option will be increased by the number of Shares which the holder would have received if the holder had exercised the Option before the record date for the bonus issue; and
- (iii) no change will be made to the Exercise Price.

(l) Adjustment for rights issue

If the Company makes an issue of Shares pro rata to existing Shareholders there will be no adjustment to the Exercise Price.

(m) Adjustments for reorganisation

If there is any reconstruction of the issued share capital of the Company, the rights of the holders may be varied to comply with the Listing Rules which apply to the reconstruction at the time of the reconstruction.

(n) Quotation of Options

The Company will not apply for quotation of the Options to ASX Limited.

(o) Transferability

The Options are not transferable.

Schedule 2 – Issue of Equity Securities in preceding 12 months

(a)	Issue date	13 December 2019
	Number issued	10,500,000 director incentive options
	Class and type of equity security	Unlisted option to acquire a fully paid ordinary share, exercisable at \$0.01 on or before 13 December 2024
	The persons to whom the Equity Securities were issued or the basis on which those persons were determined	Directors (Issued pursuant to resolution 6, 7 and 9 of the Company's annual general meeting held on 29 November 2019)
	Issue price	Nil
	Discount to market price on the date of issue (if any)	N/A
	For cash issues	
	Total cash consideration received	N/A
	Amount of cash consideration spent	N/A
	Use of cash consideration	N/A
	Intended use for remaining amount of cash (if any)	N/A
	For non-cash issues	
	Non-cash consideration paid	\$105,000 based on the Black Scholes valuation method of the options
	Current value of that non-cash consideration	As above

(b)	Issue date	21 October 2020
	Number issued	30,000,000 ordinary shares
	Class and type of equity security	Ordinary shares
	The persons to whom the Equity Securities were issued or the basis on which those persons were determined	Owner of Shenzhen Lantene Dingzhi Biotechnology Co Ltd
	Issue price	\$0.018
	Discount to market price on the date of issue (if any)	N/A
	For cash issues	
	Total cash consideration received	N/A
	Amount of cash consideration spent	N/A
	Use of cash consideration	N/A
	Intended use for remaining amount of cash (if any)	N/A
	For non-cash issues	
	Non-cash consideration paid	\$540,000
	Current value of that non-cash consideration	As above

Schedule 3 – Summary of Employee Incentive Plan

The key terms of the Employee Incentive Plan are as follows:

- (a) In the Incentive Plan, **Award** means:
- (i) options issued for nil monetary consideration to subscribe for a Share issued in accordance with the Incentive Plan and subject to the satisfaction of any vesting conditions, performance conditions and/or exercise conditions and payment of the relevant exercise price (**Options**);
 - (ii) entitlements of a participant to one Share, subject to the satisfaction of any vesting conditions and/or performance conditions (for which no consideration is payable upon the automatic conversion) (**Performance Right**); and
 - (iii) Shares offered to employees:
 - (A) who elect to receive Shares in lieu of any wages, salary, director's fees, or other remuneration; and
 - (B) in addition to their wages, salary and remuneration, or in lieu of any discretionary cash bonus or other incentive payment, subject to restriction periods (**Deferred Share Award**).
- (b) **Eligibility:** Participants in the Incentive Plan may be:
- (i) full-time or part-time employee, including an executive Director;
 - (ii) a non-executive Director;
 - (iii) a contractor;
 - (iv) casual employee where they are, or might reasonably be expected to be, engaged to work the pro-rata equivalent of 40% or more of a comparable full-time position; or
 - (v) a person to whom an Offer is made but who can only accept the offer if an arrangement has been entered into that will result in the person becoming covered by one of paragraphs (i), (ii), (iii) or (iv) above,
- (Eligible Person).**
- (c) **Administration of Plan:** Subject to the requirements of the Listing Rules and the Corporations Act, the Board will administer the Incentive Plan and determine:
- (i) the persons to whom the Awards will be offered under the Plan; and
 - (ii) the number of Awards which may be offered to those persons.
- (d) **Offer:** Following determination that an Eligible Person may participate in the Incentive Plan, the Board may from time to time make an offer in writing to an Eligible Person. Each offer must specify, in a clear, concise and effective manner:

- (i) the date of the offer, and the final date the offer must be accepted by (**Final Acceptance Date**);
 - (ii) the name and address of the Eligible Person to whom the offer is made;
 - (iii) the type of Awards being offered;
 - (iv) the maximum number of Awards being offered;
 - (v) in the case of an Option, the exercise price and the exercise period;
 - (vi) the vesting conditions (if any), the performance conditions and performance period (if any), the test dates (if any) and/or exercise conditions (if any) relating to the Awards being offered;
 - (vii) the term and expiry date or end date (if any);
 - (viii) a summary of any rights attaching to the Awards;
 - (ix) agreement with the Eligible Person for the Company to supply details to third parties (including the share registry of the Company) where required by law; and
 - (x) any other matters required to be specified in the Offer by either the Corporations Act, the Listing Rules or an applicable ASIC Class Order or instrument of relief, and attach an Application and a copy of this Plan.
- (e) **Restriction Conditions:** Awards may be subject to restriction conditions (such as a period of employment) which must be satisfied before the Shares can be sold, transferred, or encumbered.
- (f) **Power of Attorney:** In consideration of the issue of the Awards, each Participant irrevocably appoints each Director and the Secretary (as appointed from time to time) of the Company severally as his or her attorney, to do all acts and things and to complete and execute any documents, including share transfers, in his or her name and on his or her behalf that may be convenient or necessary for the purpose of giving effect to the provisions of the Incentive Plan or the terms of the Awards, including for the purposes of giving effect to the buy-back or sale of forfeited Shares, and the application of the proceeds of the sale of forfeited Shares.
- (g) **Plan limit:** The Directors will not make an Offer or issue Awards in accordance with the Offer Plan unless they have reasonable grounds to believe that the number of underlying Shares that form part of the issued capital of the Company that have been or may be issued in any of the circumstances covered by the following paragraphs will not exceed 5% of the total number of underlying Shares in that class on issue:
- (i) underlying Shares that may be issued under the Offer; and
 - (ii) underlying Shares issued or that may be issued as a result of offers made at any time during the previous 3 year period under:
 - (A) an employee incentive scheme covered by ASIC Class Order [CO 14/1000]; and

- (B) an ASIC exempt arrangement of a similar kind to an employee incentive scheme.
- (h) **Restriction on transfer:** Shares, or any beneficial or legal interest in Shares, may not be transferred, encumbered or otherwise disposed of, or have a security interest granted over them, unless all restrictions on the transfer, encumbrance or disposal of the Shares have been met, the Board has waived any such restrictions, or prior consent of the Board is obtained which consent may impose such terms and conditions on such transfer, encumbrance or disposal as the Board sees fit.
- (i) **Rights attaching to Shares:** Any Shares issued by the Company to an Eligible Person will rank equally with all existing Shares on and from the date of issue.

Company or Trust in which Securityholding is held

STEMCELL UNITED LIMITED
(ACN 009 104 330)

Registered Name(s)

Registered Address

Holder Identification Number (HIN) or Securityholder Reference Number (SRN)

Use a black pen.
Print in CAPITAL letters.

 A B C 1 2 3

Where a choice is required, mark the box with an 'X'

 X

Appointment of Corporate Representative

A Appointment of Corporate Representative

The abovenamed registered holder hereby appoints:

to act as its representative at:

the meeting of the above named company to be held on:

Day Month Year

 / /

*and at any adjournment of that meeting

OR

all meetings of the above named company.

Please state if there are any restrictions on the representative's power:

YES

NO

If yes, please describe these restrictions

Contact Name

Telephone Number – Business Hours / After Hours

B Sign Here – This section must be signed for your instructions to be executed

I/We authorise you to act in accordance with the instructions set out above. We acknowledge that these instructions supersede and priority over all previous instructions.

Director

Director/Company Secretary

Sole Director and Sole Company Secretary

Day Month Year

 / /

How to complete this form

A

Appointment of Corporate Representative

Enter the name of the person you wish to appoint as a corporate representative

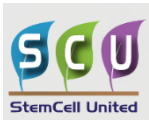
Indicate whether this appointment is for one specific meeting or all future meetings. If it is only for one specific meeting, enter the date of that meeting. State if there are any restrictions to the representative's power and, if so, describe these. Please enter contact details so that we can call you in the instance we have a query regarding this form.

B

Signature(s)

You must sign this form as follows in the space provided:

Companies: this form must be signed by either 2 Directors or a Director and a Company Secretary. Alternatively, where the company has a Sole Director and, pursuant to the Corporations Act, there is no Company Secretary, or where the Sole Director is also the Sole Company Secretary, that Director may sign alone. Delete titles as applicable.



Stemcell United Limited | ACN 009 104 330

Proxy Voting Form

If you are attending the meeting in person, please bring this with you for Securityholder registration.

[EntityRegistrationDetailsLine1Envelope]
[EntityRegistrationDetailsLine2Envelope]
[EntityRegistrationDetailsLine3Envelope]
[EntityRegistrationDetailsLine4Envelope]
[EntityRegistrationDetailsLine5Envelope]
[EntityRegistrationDetailsLine6Envelope]

[HolderNumber]

Holder Number:
[HolderNumber]

Your proxy voting instruction must be received by **4.00pm (ACDT time) on Saturday, 28 November 2020**, being **not later than 48 hours** before the commencement of the Meeting. Any Proxy Voting instructions received after that time will not be valid for the scheduled Meeting.

SUBMIT YOUR PROXY

Complete the form overleaf in accordance with the instructions set out below.

YOUR NAME AND ADDRESS

The name and address shown above is as it appears on the Company's share register. If this information is incorrect, and you have an Issuer Sponsored holding, you can update your address through the investor portal: <https://investor.automic.com.au/#/home> Shareholders sponsored by a broker should advise their broker of any changes.

STEP 1 – APPOINT A PROXY

If you wish to appoint someone other than the Chair of the Meeting as your proxy, please write the name of that Individual or body corporate. A proxy need not be a Shareholder of the Company. Otherwise if you leave this box blank, the Chair of the Meeting will be appointed as your proxy by default.

DEFAULT TO THE CHAIR OF THE MEETING

Any directed proxies that are not voted on a poll at the Meeting will default to the Chair of the Meeting, who is required to vote these proxies as directed. Any undirected proxies that default to the Chair of the Meeting will be voted according to the instructions set out in this Proxy Voting Form, including where the Resolutions are connected directly or indirectly with the remuneration of KMP.

STEP 2 - VOTES ON ITEMS OF BUSINESS

You may direct your proxy how to vote by marking one of the boxes opposite each item of business. All your shares will be voted in accordance with such a direction unless you indicate only a portion of voting rights are to be voted on any item by inserting the percentage or number of shares you wish to vote in the appropriate box or boxes. If you do not mark any of the boxes on the items of business, your proxy may vote as he or she chooses. If you mark more than one box on an item your vote on that item will be invalid.

APPOINTMENT OF SECOND PROXY

You may appoint up to two proxies. If you appoint two proxies, you should complete two separate Proxy Voting Forms and specify the percentage or number each proxy may exercise. If you do not specify a percentage or number, each proxy may exercise half the votes. You must return both Proxy Voting Forms together. If you require an additional Proxy Voting Form, contact Automic Registry Services.

SIGNING INSTRUCTIONS

Individual: Where the holding is in one name, the Shareholder must sign.

Joint holding: Where the holding is in more than one name, all Shareholders should sign.

Power of attorney: If you have not already lodged the power of attorney with the registry, please attach a certified photocopy of the power of attorney to this Proxy Voting Form when you return it.

Companies: To be signed in accordance with your Constitution. Please sign in the appropriate box which indicates the office held by you.

Email Address: Please provide your email address in the space provided.

By providing your email address, you elect to receive all communications despatched by the Company electronically (where legally permissible) such as a Notice of Meeting, Proxy Voting Form and Annual Report via email.

CORPORATE REPRESENTATIVES

If a representative of the corporation is to attend the Meeting the appropriate 'Appointment of Corporate Representative' should be produced prior to admission. A form may be obtained from the Company's share registry online at <https://automic.com.au>.

Lodging your Proxy Voting Form:

Online:

Use your computer or smartphone to appoint a proxy at

<https://investor.automic.com.au/#/login>

or scan the QR code below using your smartphone

Login & Click on 'Meetings'. Use the Holder Number as shown at the top of this Proxy Voting Form.



BY MAIL:

Automic
GPO Box 5193
Sydney NSW 2001

IN PERSON:

Automic
Level 5, 126 Phillip Street
Sydney NSW 2000

BY EMAIL:

meetings@automicgroup.com.au

BY FACSIMILE:

+61 2 8583 3040

All enquiries to Automic:

WEBCHAT: <https://automicgroup.com.au/>

PHONE: 1300 288 664 (Within Australia)
+61 2 9698 5414 (Overseas)

