



Stemcell United Limited

ACN 009 104 330

INTERIM REPORT

For half year ended 31 December 2020

Appendix 4D

1. Company Details

Name of Entity

Stemcell United Limited

ABN

009 104 330

Half year ended ("current period")

31 December 2020

Half year ended ("previous period")

31 December 2019

2. Results for announcement to the market

2. Results for announcement to the market			A\$
2.1 Revenues from continuing operations	Increase	412%	3,697,404
2.2 (loss) from continuing operations after tax attributable to members	Increase	89%	(1,323,461)
2.3 Net (loss) for the period attributable to members	Increase	108%	(1,416,660)
2.4 Dividends	Amount per security	Franked amount per security	
Interim dividend declared	N/A	N/A	
2.5 Record date for determining entitlements to the dividend		N/A	
2.6 Brief explanation of any of the figures in 2.1 to 2.4 above necessary to enable figures to be understood			
Refer “Review of Operations” in Directors’ Report			

3. Net tangible assets per security

Net tangible asset/(liability) backing per ordinary security

31 December 2020

0.31 cents

30 June 2020

0.12 cents

4. Details of entities over which control has been gained or lost

4.1. Control gained over entities

Shenzen Lantene Dingzhi Biotechnology Co Ltd (a company incorporated in China) was acquired on 2 November 2020. Refer Note 15 of the consolidated interim financial statements for more information.

4.2. Control lost over entities

N/A

5. Dividends

Individual dividends per security

	Date dividend is payable	Amount per security	Franked amount per security at 30% tax	Amount per security of foreign source dividend
Interim dividend: Current year Previous year	N/A N/A	N/A N/A	N/A N/A	N/A N/A

6. Dividend reinvestment plans

The dividend or distribution plans shown below are in operation.

N/A

The last date(s) for receipt of election notices for the dividend or distribution plans.

N/A

7. Details of associates and joint entities

N/A

8. If the accounts are subject to audit dispute or qualification, details are described below.

Please refer to auditors report

Sign here:


Director

Date:

09 April 2021

Print Name:

Philip Gu Huanqing

STEMCELL UNITED LIMITED AND ITS CONTROLLED ENTITIES

DIRECTORS' REPORT

Your directors submit the financial report of the consolidated group for the half-year ended 31 December 2020.

Directors

The names of directors who held office during or since the end of the half-year are as follows:

Current Directors

Philip Huanqing Gu, Executive director
Paul Rosen, Non-executive chairman (appointed 1 November 2020)
Chow Yee Koh, Executive director
Yanhua Huang, Non-executive director
Qi Lu, Non-executive director
Paul Stephenson, Non-executive director

The directors have been in office since the start of the financial period to the date of this report unless otherwise stated.

Review of Operations

The Group recorded revenue of \$3,697,404 (Dec 2019: \$722,675), a gross profit of \$431,930 (Dec 2019: \$135,487) and a net loss of \$1,323,461 (Dec 2019: \$699,936). The increase in net loss is mainly due to increased share based payments of \$732,000 (Dec 2019: \$105,000) to directors and advisors, and impairment of goodwill on acquisition of Lantene amounting to \$248,108.

The Group acquired 50.1% of Shenzhen Lantene Dingzhi Biotechnology Co Ltd in November 2020. Lantene is an aquaculture company based in Shenzhen Dapeng Bio Marine Industrial Park, China and is focused on the sea products and commercial cultivation of Sea Grapes. The acquisition strengthens the Group's foothold in China and in the aquaculture market, while providing expertise and knowhow to the Group's cultivation of Sea Grape in Singapore.

The Group has also entered into a MOU during January 2021 with Singapore based energy solutions company Terrenus Energy Jurong Pte. Ltd. ("Terrenus") (www.terrenusenergy.com) to pursue joint research projects and initiatives involving solar energy systems and aquafarming. Under the agreement, Stemcell United and Terrenus intend to collaboratively pursue the activities of Joint research projects of mutual interests in the area of mixed-use development involving both solar and aquafarming, and Joint tenders, proposals and execution of projects in the area of mixed-use developments involving both solar and aquafarming.

Significant Events after Reporting Date

On 20 January 2021, the Group raised A\$1,007,413 via a private placement of 67,160,836 ordinary shares.

On 26 March 2021, the Group held a shareholder meeting which passed the following resolutions:

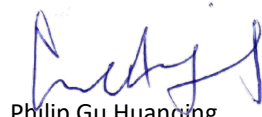
- Issue of Director Incentive Options to Mr Paul Rosen
- Issue of Lead Manager Options to Evolution Capital Advisors
- Issue of Shares to Advisors
- Ratification of issue of 100,741,255 ordinary shares on 15 December 2020
- Ratification of issue of 67,160,836 ordinary shares on 20 January 2021
- Approval of issue of Shares to Sophisticated Investors

Other than the above, there has not arisen in the interval between the end of the half year and the date of this report any item, transaction or event of a material or unusual nature likely, in the opinion of the directors to affect the operations of the consolidated entity, the results of these operations or the state of affairs of the entity.

Auditor's Declaration

The lead auditor's independence declaration under section 307C of the *Corporations Act 2001* is set out on page 3 of the financial report for the half-year ended 31 December 2020.

Signed in accordance with a resolution of the directors:



Philip Gu Huanqing
Director
09 April 2021

Auditor's Independence Declaration

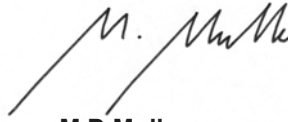
To the directors of Stemcell United Limited:

As lead auditor for the review of the financial report of Stemcell United Limited for the half-year ended 31 December 2020, I declare that, to the best of my knowledge and belief, there have been no contraventions of:

- (a) the auditor independence requirements of the *Corporations Act 2001* in relation to the review; and
- (b) any applicable code of professional conduct in relation to the review.

This declaration is in respect of Stemcell United Limited and the entities it controlled during the period.

**Sydney, NSW
9 April 2021**


**M D Muller
Director**

STEMCELL UNITED LIMITED AND ITS CONTROLLED ENTITIES

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE HALF-YEAR ENDED 31 DECEMBER 2020

	Half year 31 Dec 2020 \$	Half year 31 Dec 2019 \$
Revenue from sale of goods	3,697,404	722,675
Cost of sales	(3,265,474)	(587,188)
Gross profit	431,930	135,487
Other income	16,801	14
Administrative expenses	(1,772,192)	(835,437)
Loss before income tax expense	(1,323,461)	(699,936)
Income tax credit	-	-
Loss for the half-year	(1,323,461)	(699,936)
Other comprehensive income/(loss) for the period		
Items that may be reclassified to profit or loss:		
Translation of foreign subsidiary	(111,078)	10,096
Total comprehensive loss for the period	(1,434,539)	(689,840)
Loss attributable to:		
Owners	(1,416,660)	(681,399)
Non-controlling interest	93,199	(18,537)
	(1,323,461)	(699,936)
Total comprehensive loss attributable to:		
Owners	(1,527,738)	(671,303)
Non-controlling interest	93,199	(18,537)
	(1,434,539)	(689,840)
Earnings Per Share		
Basic loss per share (cents per share)	(0.20)	(0.11)
Diluted loss per share (cents per share)	(0.20)	(0.11)
Earnings Per Share attributable to owners		
Basic loss per share (cents per share)	(0.21)	(0.11)
Diluted loss per share (cents per share)	(0.21)	(0.11)

The above consolidated statement of comprehensive income should be read in conjunction with the accompanying notes to the financial statements.

STEMCELL UNITED LIMITED AND ITS CONTROLLED ENTITIES

**CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2020**

	Note	As at 31 Dec 2020 \$	As at 30 Jun 2020 \$
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents		2,010,443	866,830
Trade and other receivables	3	848,164	11,766
Inventory	4	861,369	1
TOTAL CURRENT ASSETS		3,719,976	878,597
NON CURRENT ASSETS			
Property plant and equipment		142,147	133,975
Right of use assets	5	551,729	-
Intangible assets	6	1	1
Investment in associates	7	1	-
TOTAL NON CURRENT ASSETS		693,878	133,976
TOTAL ASSETS		4,413,854	1,012,573
LIABILITIES			
CURRENT LIABILITIES			
Trade and other payables	8	1,312,716	252,543
Short term borrowings	9	736,300	-
TOTAL CURRENT LIABILITIES		2,049,016	252,543
TOTAL LIABILITIES		2,049,016	252,543
NET ASSETS		2,364,838	760,030
EQUITY			
Issued capital	10	73,751,629	71,371,829
Option reserve	11	912,600	588,600
Accumulated losses		(73,032,366)	(71,615,706)
Foreign exchange translation reserve		(14,356)	96,722
EQUITY ATTRIBUTABLE TO SHAREHOLDERS		1,617,507	441,445
Non-controlling interest		747,331	318,585
TOTAL EQUITY		2,364,838	760,030

The above consolidated statement of financial position should be read in conjunction with the accompanying notes to the financial statements.

STEMCELL UNITED LIMITED AND ITS CONTROLLED ENTITIES

**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE HALF-YEAR ENDED 31 DECEMBER 2020**

	<-----Attributable to owners of Stemcell United Limited----->					
	Issued Capital	Option Reserve	Accumulated Losses	Foreign exchange translation reserve	Non-controlling interest	Total
	\$	\$	\$	\$	\$	\$
Balance at 1 July 2019	71,371,829	483,600	(70,225,764)	59,047	392,801	2,081,513
Total comprehensive loss for the period	-	-	(681,399)	10,096	(18,537)	(689,840)
Issue of options	-	105,000	-	-	-	105,000
Non-controlling interest on acquisition of subsidiary	-	-	-	-	155	155
Balance at 31 December 2019	71,371,829	588,600	(70,907,163)	69,143	374,419	1,496,828
Balance at 1 July 2020	71,371,829	588,600	(71,615,706)	96,722	318,585	760,030
Total comprehensive loss for the period	-	-	(1,416,660)	(111,078)	93,199	(1,434,539)
Non-controlling interest on acquisition	-	-	-	-	335,547	335,547
Issue of shares	2,379,800	-	-	-	-	2,379,800
Issue of options	-	324,000	-	-	-	324,000
Balance at 31 December 2020	73,751,629	912,600	(73,032,366)	(14,356)	747,331	2,364,838

The above consolidated statement of changes in equity should be read in conjunction with the accompanying notes to the financial statements.

STEMCELL UNITED LIMITED AND ITS CONTROLLED ENTITIES

**CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE HALF-YEAR ENDED 31 DECEMBER 2020**

	Half year 31 Dec 2020 \$	Half year 31 Dec 2019 \$
CASH FLOWS RELATING TO OPERATING ACTIVITIES		
Receipts from customer	3,792,922	782,668
Payments to suppliers and employees	(4,285,530)	(1,415,670)
Interest and other income received	16,801	14
Interest expense	(5,104)	-
Net cash used in operating activities	(480,911)	(632,988)
CASH FLOWS RELATING TO INVESTING ACTIVITIES		
Cash received on acquisition	12,984	-
Proceeds from non-controlling interest	-	155
Payment of amount owing by related party	-	208,000
Net cash from investing activities	12,984	208,155
CASH FLOWS RELATING TO FINANCING ACTIVITIES		
Issue of Shares, net of issue cost	1,780,800	-
Repayment of borrowings	(40,800)	-
Net cash from financing activities	1,740,000	-
Net increase/(decrease) in cash and cash equivalents	1,272,073	(424,833)
Cash and cash equivalents at beginning of half year	866,830	1,901,250
Foreign exchange translation	(128,460)	9,197
Cash and cash equivalents at end of half year	2,010,443	1,485,614

The above consolidated statement of cash flows should be read in conjunction with the accompanying notes to the financial statements.

STEMCELL UNITED LIMITED AND ITS CONTROLLED ENTITIES

NOTES TO THE CONSOLIDATED INTERIM FINANCIAL STATEMENTS FOR THE HALF-YEAR ENDED 31 DECEMBER 2020

NOTE 1: BASIS OF PREPARATION AND ACCOUNTING POLICIES

Stemcell United Limited (the “Company”) is a company domiciled in Australia. The consolidated interim financial report of the Company as at and for the half-year ended 31 December 2020 comprises the Company and its subsidiaries (together referred to as “the consolidated group” or “the Group”).

The consolidated interim financial report is a general purpose financial report which has been prepared in accordance with Australian Accounting Standards including AASB 134 Interim Financial Reports and the Corporations Act 2001.

The half-year financial report does not include full disclosures of the type normally included in an annual financial report.

It is recommended that this financial report be read in conjunction with the annual financial report for the year ended 30 June 2020 and with any public announcements issued during the half-year in accordance with the continuous disclosure obligations arising under the Corporations Act 2001 and Australian Securities Exchange.

The accounting policies in these interim financial statements are the same as those applied in the Company’s financial statements for the year ended 30 June 2020, except for the policies stated below.

Right of use assets

At inception of a contract, the Group assesses whether a contract is, or contains, a lease based on whether the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

The Group has elected to apply the practical expedient to account for each lease component and any non-lease components as a single lease component.

The Group recognises a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured based on the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset less any lease incentives received. The assets are depreciated to the earlier of the end of the useful life of the right of-use asset or the lease term using the straight-line method as this most closely reflects the expected pattern of consumption of the future economic benefits.

The lease term includes periods covered by an option to extend if the Group is reasonably certain to exercise that option. Lease terms range from one to ten years. In addition, the right-of-use assets are periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

Associates

Associates are all entities over which the group has significant influence but not control or joint control. This is generally the case where the group holds between 20% and 50% of the voting rights. Investments in associates are accounted for using the equity method of accounting, after initially being recognised at cost.

STEMCELL UNITED LIMITED AND ITS CONTROLLED ENTITIES

NOTES TO THE CONSOLIDATED INTERIM FINANCIAL STATEMENTS FOR THE HALF-YEAR ENDED 31 DECEMBER 2020

NOTE 1: BASIS OF PREPARATION AND ACCOUNTING POLICIES (continued)

Contract liabilities

Contract liabilities represent the Group's obligation to transfer goods or services to a customer and are recognised when a customer pays consideration, or when the Group recognises a receivable to reflect its unconditional right to consideration (whichever is earlier) before the Group has transferred the goods or services to the customer.

New accounting standards and interpretations adopted

The Group has adopted all of the new or amended Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ("AASB") that are mandatory for the current reporting period. Any new or amended Accounting Standards or Interpretations that are not yet mandatory have not been early adopted. These standards are not expected to have a material impact on the Group in the current or future reporting periods and on foreseeable future transactions

NOTE 2: SUBSEQUENT EVENTS

On 20 January 2021, the Group raised A\$1,007,413 via a private placement of 67,160,836 ordinary shares.

On 26 March 2021, the Group held a shareholder meeting which passes the following resolutions:

- Issue of Director Incentive Options to Mr Paul Rosen
- Issue of Lead Manager Options to Evolution Capital Advisors
- Issue of Shares to Advisors
- Ratification of issue of 100,741,255 ordinary shares on 15 December 2020
- Ratification of issue of 67,160,836 ordinary shares on 20 January 2021
- Approval of issue of Shares to Sophisticated Investors

Other than the above, there has not arisen in the interval between the end of the half year and the date of this report any item, transaction or event of a material or unusual nature likely, in the opinion of the directors to affect the operations of the consolidated entity, the results of these operations or the state of affairs of the entity.

NOTE 3: TRADE AND OTHER RECEIVABLES

	31 Dec 2020 \$	30 Jun 2020 \$
CURRENT		
Trade receivables	528,460	-
Other receivables	319,704	11,766
	<u>848,164</u>	<u>11,766</u>

NOTE 4: INVENTORY

	31 Dec 2020 \$	30 Jun 2020 \$
CURRENT		
Finished goods	84,448	42,594
Trading goods	817,223	-
Less provision for impairment	(40,302)	(42,593)
	<u>861,369</u>	<u>1</u>

STEMCELL UNITED LIMITED AND ITS CONTROLLED ENTITIES

**NOTES TO THE CONSOLIDATED INTERIM FINANCIAL STATEMENTS
FOR THE HALF-YEAR ENDED 31 DECEMBER 2020**

NOTE 5: RIGHT OF USE ASSETS

	31 Dec 2020 \$	30 Jun 2020 \$
Amounts recognised in the balance sheet		
Right-of-use assets - Land	551,729	-
Lease liabilities	-	-
Amounts recognised in profit and loss		
Depreciation charge of right-of-use assets - Land	6,361	-

NOTE 6: INTANGIBLE ASSETS

	31 Dec 2020 \$	30 Jun 2020 \$
Balance of intangible assets at beginning of period	1	1
Goodwill arising on acquisition of subsidiary	248,108	-
Impairment of goodwill during the period	(248,108)	-
Balance of intangible assets at reporting date	1	1

Management decided to impair the goodwill in full during the period ended 31 December 2020 as they are unable to quantify the synergy or future cash inflows from the acquisition.

Management have assessed that as earnings continue to be below those forecasted, the carrying value of the investment at 31 December 2020 remains \$1. Should the revenues increase in future, the impairment may be reversed. Any reversal of impairment would result in an increase of the carrying value of the intangible asset equal to the amount of the impairment reversal.

NOTE 7: INVESTMENT IN ASSOCIATE

	31 Dec 2020 \$	30 Jun 2020 \$
Carrying amount of immaterial associate accounted for using the equity method	1	-
Amounts of the group's share of:		
- Profit from continuing operations	-	-
- Other comprehensive income	-	-
- Total comprehensive income	-	-

NOTE 8: TRADE AND OTHER PAYABLES

	31 Dec 2020 \$	30 Jun 2020 \$
CURRENT		
Trade payables	93,345	8,816
Other payables	513,278	70,140
Accruals	630,950	156,265
Contract liabilities	59,736	-
GST payable	15,407	17,322
	1,312,716	252,543

STEMCELL UNITED LIMITED AND ITS CONTROLLED ENTITIES

**NOTES TO THE CONSOLIDATED INTERIM FINANCIAL STATEMENTS
FOR THE HALF-YEAR ENDED 31 DECEMBER 2020**

NOTE 9: SHORT TERM BORROWINGS

	31 Dec 2020	30 Jun 2020
	\$	\$
CURRENT		
Bank loan	736,300	-
	<u>736,300</u>	<u>-</u>

The bank loan is for a period of 12 months ending September 2021, has a floating interest rate of 3.85% and is secured by personal guarantee of a subsidiary's director.

NOTE 10: ISSUED CAPITAL

	31 Dec 2020	30 Jun 2020
	\$	\$
Issued and fully paid ordinary shares	73,751,629	71,371,829
Movements in ordinary shares	Number of shares	A\$
At 1 July 2020	641,608,364	71,371,829
Movement in ordinary shares	131,551,458	2,379,800
At 31 December 2020	<u>773,159,822</u>	<u>73,751,629</u>

NOTE 11: OPTION RESERVE

	31 Dec 2020	30 Jun 2020
	\$	\$
Option Reserve	912,600	588,600
Movements in Option Reserve	Number of options	\$
Balance at 1 July 2020	29,100,000	588,600
Issue of options to directors	27,000,000	324,000
Balance at 31 December 2020	<u>56,100,000</u>	<u>912,600</u>

NOTE 12: RELATED PARTY BALANCES AND TRANSACTIONS

	31 Dec 2020	30 Jun 2020
	\$	\$
BALANCES		
Fees and reimbursements owing to directors	(422,000)	(23,220)
Annual leave accrued by directors	<u>(38,555)</u>	<u>(33,557)</u>
	Half year period	Half year period
	31 Dec 2020	31 Dec 2019
	\$	\$
TRANSACTIONS		
Director fees and salaries	927,564	308,965
Corporate services rendered by director	<u>27,000</u>	<u>27,000</u>

STEMCELL UNITED LIMITED AND ITS CONTROLLED ENTITIES

**NOTES TO THE CONSOLIDATED INTERIM FINANCIAL STATEMENTS
FOR THE HALF-YEAR ENDED 31 DECEMBER 2020**

NOTE 13: SEGMENT INFORMATION

	Half year period ended 31 Dec 2020				
	Australia \$	Singapore \$	Greater China \$	Malaysia \$	Total \$
Revenue	-	52,267	3,645,137	-	3,697,404
Profit / (Loss)	(1,009,368)	(230,748)	(35,697)	(47,648)	(1,323,461)

	As at 31 Dec 2020				
	Australia \$	Singapore \$	Greater China \$	Malaysia \$	Total \$
Total assets	1,550,204	498,679	2,331,474	33,497	4,413,854
Total liabilities	(560,810)	(138,313)	(1,341,047)	(8,846)	(2,049,016)

	Half year period ended 31 Dec 2019				
	Australia \$	Singapore \$	Greater China \$	Malaysia \$	Total \$
Revenue	-	722,675	-	-	722,675
Profit / (Loss)	(367,953)	(288,892)	(35,290)	(7,801)	(699,936)

	As at 30 Jun 2020				
	Australia \$	Singapore \$	Greater China \$	Malaysia \$	Total \$
Total assets	185,415	289,362	527,804	9,992	1,012,573
Total liabilities	(95,451)	(146,270)	(5,233)	(5,589)	(252,543)

NOTE 14: GOING CONCERN

During the half year ended 31 December 2020, the Group incurred a loss of \$1,323,461 (Dec 2019: \$699,936) and had net cash outflows from operating activities of \$480,911 (Dec 2019: \$632,988). At 31 December 2020 the Group had cash of \$2,010,443 (June 2020: \$866,830).

The ability of the Group to continue as a going concern depends on the Group generating additional cash inflows from:

- The receipt of debt funding;
- The receipt of equity funding; or
- Cash generated from future profits.

Accordingly, there is a material uncertainty that may cast doubt on the Group's ability to continue as a going concern. No adjustments have been made in relation to the recoverability and classification of recorded asset amounts and classification of liabilities that might be necessary should the Group not continue as a going concern.

STEMCELL UNITED LIMITED AND ITS CONTROLLED ENTITIES

NOTES TO THE CONSOLIDATED INTERIM FINANCIAL STATEMENTS FOR THE HALF-YEAR ENDED 31 DECEMBER 2020

NOTE 15: ACQUISITION OF SUBSIDIARY

On 2 November 2020, the Group acquired 50.1% of the issued shares in Shenzhen Lantene Dingzhi Biotechnology Co Ltd ("Lantene"), an aquaculture company incorporated in the People's Republic of China, for a consideration of \$585,000, to allow the Group to acquire aquaculture expertise and know-how and to expand and develop its aquaculture business in China.

Details of the purchase consideration and the net assets acquired are as follows

Purchase consideration	Fair value \$
Cash paid or payable	-
Fair value of shares issued	585,000
Total consideration	585,000
Fair value of assets and liabilities acquired	Fair value \$
Cash and cash equivalents	12,983
Receivables	726,175
Inventory	1,031,702
Plant and equipment	32,835
Right of use assets	599,989
Investment in associate	1
Payables	(896,646)
Short term borrowings	(834,600)
Net identifiable assets acquired	672,439
Non-controlling interest	(335,547)
Goodwill	248,108
Consideration	585,000
Cashflow effect of acquisition	Fair value \$
Cash paid	-
Cash acquired	12,983
Net cash acquired	12,983

Consideration transferred

The fair value of shares issued are calculated based on the 15 days volume weighted average price of shares prior to issue date.

The Group have also transferred 20% of its subsidiary, Stemcell Essential Pte Ltd ("SCE"), to Lantene's original owner. Stemcell Essential Pte Ltd is a 100% subsidiary of the Group. No value is attached to SCE as it is a dormant company with no operation.

Goodwill

Goodwill arises due to payment in excess of the fair value of assets acquired, with expectation of synergy from acquiring the expertise and know-how of aquaculture and the ability to operate in and having access to China market. The goodwill is fully impaired at balance date as the Company is unable to quantify the synergy or future cash inflows of the acquisition.

STEMCELL UNITED LIMITED AND ITS CONTROLLED ENTITIES

**NOTES TO THE CONSOLIDATED INTERIM FINANCIAL STATEMENTS
FOR THE HALF-YEAR ENDED 31 DECEMBER 2020**

NOTE 15: ACQUISITION OF SUBSIDIARY (continued)

Revenue and profit contribution

The acquired entity contributed \$3,645,085 of revenue and a net profit of \$21,272 to the Group for the period from date of acquisition to 31 December 2020.

If the acquisition had occurred on 1 July 2020, the acquired entity would have contributed \$10,986,032 revenue and a net profit of \$418,600 to the Group.

Business combinations

Business combinations are initially accounted for on a provisional basis. The acquirer retrospectively adjusts the provisional amounts recognised and also recognises additional assets or liabilities during the measurement period, based on new information obtained about the facts and circumstances that existed at the acquisition-date. The measurement period ends on either the earlier of (i) 12 months from the date of the acquisition or (ii) when the acquirer receives all the information possible to determine fair value.

Additional significant clauses

If the Group is able to list its seagrape project, it will raise fund of RMB15,000,000 to acquire remaining 49.9% equity of Lantene.

In the event that the Group do not acquire the remaining 49.9% within 3 years, the original owner of Lantene is entitled to claim back the 50.1% shares in Lantene and return all shares issued by the Group under the Equity Exchange Agreement.

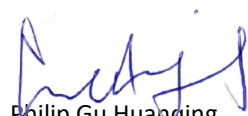
STEMCELL UNITED LIMITED AND ITS CONTROLLED ENTITIES

**DIRECTORS' DECLARATION
FOR THE HALF-YEAR ENDED 31 DECEMBER 2020**

In the directors' opinion:

1. The financial statements and notes set out on pages 4 to 14 are in accordance with the Corporations Act 2001, including:
 - i. complying with Accounting Standard 134: Interim Financial Reporting and the Corporations Regulations 2001; and
 - ii. giving a true and fair view of the consolidated entity's financial position as at 31 December 2020 and of its performance for the half-year ended on that date.
2. There are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

This declaration is made in accordance with a resolution of the directors.



Philip Gu Huangqing
Director

09 April 2021

Independent Auditor's Review Report to the Members of Stemcell United Limited

Report on the Half-Year Financial Report

Conclusion

We have reviewed the half-year financial report of Stemcell United Limited ("the company"), which comprises the consolidated statement of financial position as at 31 December 2020, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the half-year ended on that date, a summary of significant accounting policies and other explanatory information, and the directors' declaration, for the consolidated entity comprising the company and the entities it controlled at the half-year end or from time to time during the half-year.

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the accompanying half-year financial report of Stemcell United Limited does not comply with the *Corporations Act 2001* including:

- (a) giving a true and fair view of the consolidated entity's financial position as at 31 December 2020 and of its performance for the half-year ended on that date; and
- (b) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

Basis for Conclusion

We conducted our review in accordance with ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*. Our responsibilities are further described in the *Auditor's Responsibilities for the Review of the Financial Report* section of our report. We are independent of the company in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)* (the Code) that are relevant to our audit of the annual financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We confirm that the independence declaration required by the *Corporations Act 2001* which has been given to the directors of the company, would be in the same terms if given to the directors as at the time of this auditor's review report.

Material Uncertainty Regarding Going Concern

Without modifying our conclusion, we draw attention to Note 14 in the financial report, which indicates that the consolidated entity incurred a loss of \$1,323,461, had net cash outflows from operating activities of \$480,911 and, at 31 December 2020, the consolidated entity had cash of \$2,010,443. As stated in Note 14, these conditions, along with other matters as set forth in Note 14, indicate that a material uncertainty exists that may cast significant doubt on the company's ability to continue as a going concern. Our conclusion is not modified in respect of this matter.

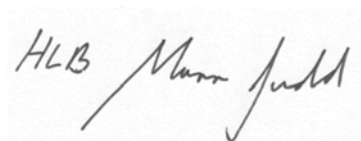
Responsibility of the Directors for the Financial Report

The directors of the company are responsible for the preparation of the half-year financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the half-year financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

Auditor's Responsibility for the Review of the Financial Report

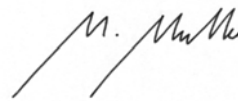
Our responsibility is to express a conclusion on the half-year financial report based on our review. ASRE 2410 requires us to conclude whether we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including giving a true and fair view of the consolidated entity's financial position as at 31 December 2020 and its performance for the half-year ended on that date, and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.



HLB Mann Judd Assurance (NSW) Pty Ltd
Chartered Accountants

Sydney, NSW
9 April 2021



M D Muller
Director