

SUPPLEMENTAL DISCLOSURE STATEMENT

NON-SHELL STATUS

STEM CELL AUTHORITY, LTD.

March 22, 2023

Filer: STEM CELL AUTHORITY, LTD. (Symbol: SCAL; the “Company” or “SCAL”)

Re: Request for removal of ‘Shell’ designation; the Company’s operating status

Staff of OTC Markets:

The Company was previously a shell company, and, as of March 1, 2022, has changed its status to a non-shell company. Hence, we hereby request the removal of the “Shell” designation which is displayed on our information page on OTCMarkets.com. Please allow this information statement to serve as notice that, as a result of the recent and ongoing business activities of the Company, SCAL qualifies as a non-shell company as defined by the SEC given all applicable criteria. Specifically, the Company is active in pursuing and growing its business, showing tangible success in that regard, owns non-nominal assets, has employees, and has active and ongoing contracts and operations each of material importance, as further detailed below.

The SEC, in Release No. 33-8869 (the “Release”), defines a “shell company” to mean a registrant, other than an asset-backed issuer, that has:

- (A) No or nominal operations; and
- (B) Either:
 - (1) No or nominal assets;
 - (2) Assets consisting solely of cash and cash equivalents; or
- (C) Assets consisting of any amount of cash and cash equivalents and nominal other assets; or

This does not include a development stage company pursuing an actual business, a business combination related shell company, as defined in Rule 405, or an asset-backed issuer, as defined in Item 1101(b) of Regulation S-K [AB].

We are considered a development stage company, given all applicable criteria as described below. Further, were we not considered a development stage company, we would still not be considered a shell. The definition above uses the word “and” after (A) above, a company must have “no or nominal operations” before the analysis even gets to “no or nominal assets” and the other items in (2). In other words, if a company can prove it has more than nominal operations, it cannot be considered a shell company as defined in the Release.

In the Release, several commenters were concerned that the definition of a shell company set forth above would capture virtually every company during its start-up phase and that the definition was therefore too broad. The SEC specifically addressed this situation in footnote 172 to the Release by saying, in applicable part:

Contrary to commenters’ concerns, Rule 144(i)(1)(i) is not intended to capture a “startup company,” or in other words, a company with a limited operating history, in the definition of a reporting or non-reporting shell company, as we believe that such a company does not meet the condition of having “no or nominal operations.”

One can carry out an analysis of a startup company's business activities during its "limited operating history" to determine whether the company has engaged in activities that are, at a minimum, sufficient to manifest a strong commitment to developing a legitimate business. These activities include, but are not limited to, the following:

1. entering into agreements with customers, vendors, manufacturers, etc.;
2. filing patent, trademark, and copyright applications with respect to the company's intellectual property;
3. executing license or sublicense agreements with respect to the company's intellectual property;
4. entering into product development agreements or similar agreements for the development of a product or service;
5. hiring employees; and
6. incurring material operating expenses such as research and development expenses;

Given these criteria, the Company cannot be considered a shell company. We are incurring material operating expenses and development expenses relating to high-tech industrial projects such as biotechnology products, healthy and nutritious food, stem cell life technology products, and operation of biotechnology industrial park. In order to expand enterprise development, Fujian Changhong Biotechnology Co., Ltd. successfully acquired (merged): Stem Cell Authority, Ltd. This company is a clinical stage biopharmaceutical company committed to the research and development of immune system disease treatments using small motors and stem cell technology. Since its inception, Stem Cell Authority, Ltd. is devoted to bringing life-changing treatments and offering substantial benefits over the existing standard of care. It is our assertion that since March 1, 2022, SCAL has not been a shell company.

SCAL specializes in biotechnology products, healthy and nutritious food and stem cell life technology products. Our business is devoted to bringing life changing treatments.

SCAL is and intends to remain current in its reporting obligations with the SEC, we are excited about the successes we've recently realized and are on track to continue growing our business.

We invite all parties to direct any inquiries to hodgenvillecabin@sina.com.

Regards,

/s/ Chongyi Yang,