

NeoStem Completes \$500,000 Private Placement With Strategic Investor

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Funds to be used to advance development of Very Small Embryonic Like (VSEL) Technology and launch New York City Adult Stem Cell Collection Facility

NEW YORK, Dec. 3 /PRNewswire-FirstCall/ -- NeoStem, Inc. (NYSE Alternext US: NBS), which is pioneering the pre-disease collection, processing and long-term storage of adult stem cells for future medical need, today announced that it has completed an above market financing for \$500,000 with a strategic investor of units priced at \$1.25 per unit with each unit consisting of one share of common stock and a warrant to purchase one share of common stock at \$1.75 per share.

The strategic investor consists of principals of Erye Pharmaceutical Co. Ltd ("Erye"), a more than 50-year old pharmaceutical company located in Suzhou, China. Erye currently manufactures over 100 drugs on seven Good Manufacturing Practices (GMP) lines, including small molecule drugs. Erye has begun its three year expansion and relocation program which is anticipated to enhance revenues, profits, and manufacturing capabilities in one of the fastest growing medical markets, the Peoples Republic of China. "We believe NeoStem and its management can guide us in identifying therapeutics and assist us in bringing them to the PRC market in an effort to enhance our drug pipeline," said Madame Zhang Jian, General Manager of Erye.

"We are extremely pleased by the vote of confidence this above market equity purchase demonstrates by our future partner in drug development in China," said Robin Smith, MD, MBA, Chairman and Chief Executive Officer of NeoStem.

"In November 2008, NeoStem agreed to acquire CHBP (OTC Bulletin Board: [CHBP - News](#)), which will give NeoStem a 51% controlling interest in Erye and should help to ultimately provide a stable balance sheet for growth. NeoStem will not only have an interest in traditional therapies in China through the Erye acquisition, but will be able to expand its therapeutic reach through a second acquisition in China, Shandong New Medicine Research Institute, which currently administers a multitude of treatments and is a leading provider of regenerative medical therapies in China. In the meantime, we are wasting no time in moving forward the development of our VSEL technology and launching our adult stem cell collection network in the important New York City market. We believe one day VSELs could be the basis for individualized stem cell based therapies that could be rolled out in a country such as China that has been more rapidly advancing the use of such therapies," added Dr. Smith.

The funds from the financing will be utilized in support of the further development of the VSEL technology, the launch of the NeoStem network adult stem cell collection center in New York City as well as general corporate purposes.

The securities sold in the private placement were sold without registration under the Securities Act of 1933, as amended and may not be resold unless subsequently registered under the Act or pursuant to an exemption from registration under the Act.

About NeoStem, Inc.

NeoStem is developing a network of adult stem cell collection centers that are focused on enabling people to donate and store their own (autologous) stem cells when they are young and healthy for their personal use in times of future medical need. The Company has also entered into research and development through the acquisition of a worldwide exclusive license to technology to identify and isolate VSELs (very small embryonic-like stem cells), which have been shown to have several physical characteristics that are generally found in embryonic stem cells.

Forward-Looking Statements

This press release contains forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995. Forward-looking statements reflect management's current expectations, as of the date of this press release, and involve certain risks and uncertainties. The Company's actual results could differ materially from those anticipated in these forward-looking statements as a result of various factors. Factors that could cause future results to materially differ from the recent results or those projected in forward-looking statements include whether the closing conditions for the Company's two acquisition transactions in China are met and the acquisitions successfully close, whether the VSEL technology leads to marketable therapeutic products, whether the New York City collection center becomes a successful collection facility and those set forth under "Risk Factors" described in the Company's periodic filings with the Securities and Exchange Commission.

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