



## ASX Announcement

3 February 2020

1. **Sale of Hemp Foods Australia and Exclusive Elixinol Licence Arrangement**
2. **Nunyara land to be sold**

**Elixinol Global Limited (Elixinol or the Company) (ASX:EXL; OTC:ELLXF)** has agreed to sell its subsidiary Hemp Foods Australia Pty Ltd (**HFA**) to 云南绿新生物药业有限公司 (Yunnan Lvxin Biological Pharmaceutical Co., Ltd.), a subsidiary of Shanghai Shunho New Materials Technology Co., Ltd. (**Shunho**) pursuant to a share purchase agreement (**SPA**). The sale of HFA is in line with Elixinol's refined strategy to focus on the hemp derived CBD market.

### 1. Sale of Hemp Foods Australia

The key terms of the sale of HFA are set out below:

- Shunho to acquire 100% of HFA, including assets and liabilities, for cash consideration of A\$500,000
- Completion under the SPA is conditional on, amongst other standard conditions, obtaining third party consents and entry into a licence agreement between Elixinol and Shunho appointing Shunho as the exclusive licensee to manufacture and distribute Elixinol branded hemp derived CBD products in China, Hong Kong, Taiwan and Macau
- Elixinol expects that completion of the transaction will occur in Q1 2020.

Elixinol expects the sale of HFA will give rise to a non-cash impairment charge of approximately A\$12.5 million which will be included in the 2019 full year financial results. However, the sale will improve future operating cashflow of the group and allow the Company to focus its capital and resources solely on its hemp derived CBD products business.

### Exclusive Licence Agreement

The key terms of the exclusive licence agreement are set out below:

- Elixinol will appoint Shunho as its exclusive licensee to use various Elixinol trade marks and know how in connection with the manufacture and distribution of Elixinol branded hemp derived CBD products in China, Taiwan, Hong Kong and Macau
- The licence will commence on the date of completion under the SPA and continue for a term of three years from the first date when Shunho begins invoicing its first customer for any Elixinol product in China, Taiwan, Hong Kong and Macau
- Elixinol will be able to audit and inspect the manufacturing facilities, marketing materials and products manufactured by Shunho under the licence agreement to ensure compliance with Elixinol's product standards.



Group Chief Executive Officer, Stratos Karousos, said: “We are pleased at the opportunity Hemp Foods Australia will have under Shunho’s guidance and the ability to leverage Shunho’s experience in hemp cultivation, manufacturing and distribution, particularly in Asia. During negotiations of the sale of HFA, it became apparent that Elixinol could benefit from Shunho’s extensive experience and reputation in Greater China and we have agreed to sign an exclusive licence to Shunho in relation to the manufacturing and distribution of Elixinol branded hemp derived CBD products in China, Taiwan, Hong Kong and Macau which aligns with our global strategy.”

## 2. Nunyara land to be sold

After reviewing various options for the Nunyara business the Company has decided to not pursue its application for a medical cannabis cultivation licence in Australia. The Company will begin the process to sell the assets owned by Nunyara (including the land) and redeploy the cash proceeds to support its Elixinol CBD operations. This decision gives rise to a non-cash impairment change of \$4.8m that will be reflected in the FY2019 financial statements.

This document was authorised to be given to the ASX by the Board of the Company.

For more information please contact:

Ron Dufficy  
Chief Financial Officer  
[ron.dufficy@elixinolglobal.com](mailto:ron.dufficy@elixinolglobal.com)

### About Elixinol Global

Elixinol Global Limited (ASX:EXL; OTC:ELLXF) is a global leader in the hemp derived CBD industry, innovating, manufacturing and selling hemp derived CBD products. The Companies simplified business model is focusing on:

- In the Americas, innovating, manufacturing and selling Elixinol branded hemp derived CBD products based in Colorado, USA
- In Europe & UK, educating and selling Elixinol branded and co-branded hemp derived CBD products based in Amsterdam, The Netherlands
- In Australia, providing stronger unified planning and support across the group to enable the various regional offices to focus on operational strategy and execution through its Global Executive Office based in Sydney, Australia
- Globally, expanding distribution of Elixinol branded hemp derived CBD products through reputable distributors as key markets open.

See more at [www.elixinolglobal.com](http://www.elixinolglobal.com)



**About Shanghai Shunho New Materials Technology Co., Ltd**

Shanghai Shunho New Materials Science & Technology Co., Ltd. is a high-tech enterprise with advanced technology investment with a new industry focus on the hemp industry (including hemp derived CBD) and history in development, manufacture and sales of environmental packaging materials that is listed on the Shenzhen Stock Exchange.

See more at [www.shunhaostock.com](http://www.shunhaostock.com)