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ASX Code: MXC

## Agreement signed to market and distribute MGC Nutraceuticals CBD based products into Chinese health products market

- Marketing and Distribution agreement signed with Chinese e-commerce import platform YuShop Global (YuShop), to sell the Company's CBD and hemp-enhanced Nutraceuticals product range in China
- MGC Pharma's nutraceutical product line includes CBD Hemp Protein Powder, BCAA CBD capsules, CBD Water Soluble Solution and CBD Herbal V-Pen
- Products contain high-grade phytocannabinoids which have been grown, extracted and processed under MGC Pharma's strict quality control guidelines and standards and formulated alongside natural vegan proteins and vitamins
- Targeting Chinese consumers via YuShop's online platform and network of 1,500 retail channel partners, including a luxury spa chain
- YuShop to provide a complete "turn-key" solution to MGC Pharma, being responsible for all sales, marketing, logistics and customer service within China
- Eight-week market test campaign already underway, with a full scale marketing and sales campaign scheduled to be launched in June 2019
- Large Target Market – providing a platform to enter the existing market over 350 million middle-class Chinese vitamin and supplements consumers, who are expected to purchase over US\$20 billion of Vitamins and Supplements in 2020<sup>1</sup>
- MGC Nutraceuticals recently launched its new e-commerce website <https://www.mgcnutraceuticals.com/>

**MGC Pharmaceuticals Ltd (ASX: MXC) (OTC: MGCLF) ("MGC Pharma" or "the Company")** has signed a marketing, sales and distribution agreement to provide its CBD and hemp-enhanced Nutraceutical product line into the Chinese health products market through a tailored campaign designed with Chinese specialist e-commerce retailer YuShop Global ("YuShop").

YuShop, which is the trading name for the US registered company NYC 6 Sixty Madison LLC, will provide MGC Pharma with its first marketing and distribution campaign into the fast-growing Chinese health product market. YuShop specializes in the import and commercialization of innovative health and wellness consumables and provides its merchant partners a turn-key solution for marketing, importing, and selling their products directly to the middle-class and affluent Chinese consumer through their cross-border digital commerce platform.

<sup>1</sup> Source: SEO Agency: The Huge Vitamins and Dietary Supplements Market in China

## MGC Nutraceuticals

Emerging from the Company's pharmaceutical grade product development pipeline, MGC Nutraceuticals was created to capture the non-pharmaceutical product lines developed over the past 18 months. Promoting inner health and wellbeing, MGC Nutraceuticals' product range includes multiple premium products, comprising of supplements and food grade products with natural flavors such as Vanilla, Toffee and Coconut Milk. The products are rich in plant-based proteins, high-quality Hemp CBD and a wide spectrum of vital vitamins and minerals to fuel and recharge your body's systems, with essential branched-chain amino acids to build your body's vital proteins.

### Terms of the Marketing, Sales and Distribution Services Agreement

Under the terms of the agreement, YuShop will sell MGC Pharma's Nutraceutical products including CBD Hemp protein powder, BCAA CBD capsules, CBD Water Soluble Solution and CBD herbal V-Pen to consumers via its e-commerce platform and retail channel partners. This is a Business to Customer (B2C) services agreement, YuShop is responsible for collecting and transferring sales proceeds to MGC Pharma immediately post completion of transactions. There are no specified minimum contract amounts or volumes under this agreement.

The range of premium CBD and hemp-enhanced products are designed to promote physical balance and wellbeing. They contain high-grade phytocannabinoids which have been grown, extracted and processed under MGC Pharma's strict quality control guidelines and standards and formulated alongside natural vegan proteins and vitamins.

YuShop, will provide MGC Pharma access to over 1,500 retail channel partner outlets as well as online, app-based, storefronts that will make the Nutraceutical product line available to the market of over 350 million middle-class Chinese vitamin and supplements consumers. This Chinese consumer market is forecast to purchase over US\$20 billion of Vitamins and Supplements in 2020<sup>2</sup>, with foreign products being in high demand because of the perceived superior quality and reduced counterfeit products often associated with domestic brands.



Image: MGC Nutraceuticals Products

<sup>2</sup> Source: SEO Agency: The Huge Vitamins and Dietary Supplements Market in China

Additionally, YuShop will provide the marketing, sales, logistics and customer service for MGC Pharma's Nutraceutical products within China with a turn-key marketing solution specifically designed for a Chinese market. This will include the provision of market research, product and brand positioning, translation of marketing materials and instructions, training and support to product sales teams, product placement, logistics from MGC Pharma's manufacturing facility to customers in China, channel partner management, paid traffic and conversion campaigns, product sales, and customer care.

YuShop has already commenced an eight-week market test which will provide the data allowing for a full-scale sales campaign expected to launch in June 2019.

### Roby Zomer, Co-founder and Managing Director, MGC Pharmaceuticals commented,

"The expanded sales distribution into China represents a significant step forward in the commercialisation strategy of MGC Pharma's Nutraceutical range. We are focused on a growth strategy of becoming a leading global provider of phytocannabinoid health products, including our Nutraceutical range, on top of our leading medicinal products. The recently announced permit approval for the United Kingdom, and first formal sales orders received from the UK and Australia for CannEpi™, that targets the treatment of drug resistant refractory epilepsy, demonstrates our delivery on and commitment to this strategy."

### Nathan Halsey, CEO, YuShop Global commented,

"I am excited to have the opportunity to bring MGC's expanded line of CBD-infused Nutraceutical products to the China consumer market. MGC Pharma's current product offering, along with their product roadmap, is going to lead a technology-backed CBD product demand surge in China. Where most CBD brands today are limited to CBD oil tinctures and gel capsules, MGC Pharma's expanded line of CBD-infused Protein Powders, Multi-Purpose Vitamins, and Nutraceuticals are not only advanced for the UK and North American markets, they are in a category of their own currently in China."

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### For further information, please contact:

#### Media Enquiries

Justin Kelly  
Media and Capital Partners  
+61 408 215 858  
[Justin.kelly@mcpartners.com.au](mailto:Justin.kelly@mcpartners.com.au)

#### UK IR/Media Advisors




Gaby Jenner/ Catherine Leftley  
St Brides Partners Ltd  
+44 (0) 207 236 1177  
[gaby@stbridespartners.co.uk](mailto:gaby@stbridespartners.co.uk)  
[catherine@stbridespartners.co.uk](mailto:catherine@stbridespartners.co.uk)

#### MGC Pharmaceuticals Ltd

Brett Mitchell  
Executive Chairman  
+61 8 6382 3390  
[info@mgcpharma.com.au](mailto:info@mgcpharma.com.au)

## About MGC Pharma

MGC Pharmaceuticals Ltd (ASX: MXC) is an EU based BioPharma company with many years of technical clinical and commercial experience in the medical cannabis industry. The Company's founders were key figures in the global medical cannabis industry and the core business strategy is to develop and supply high quality Cannabinoids based pharmaceuticals products for the growing demand in the medical markets in Europe, North America and Australasia.

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## About MGC Nutraceuticals

Promoting inner health and wellbeing, MGC Nutraceuticals' product range includes multiple premium products, comprising of supplements and food grade products in natural flavors such as Vanilla, Toffee and Coconut Milk. The products contain high grade Phyto-Cannabinoids which have been grown, extracted and processed under the Company's strict quality control guidelines and standards, alongside natural vegan proteins and vitamins.

For more information on MGC Nutraceuticals, visit <https://www.mgcnutraceuticals.com>

## About YuShop Global

NYC 6 Sixty Madison LLC trading as YuShop Global is a China Cross-Border lifestyle and E-Commerce marketplace that connects innovative health, wellness, and beauty brands from around the world directly with Mainland China consumers through a Digital Commerce shopping platform. The platform provides Small-to-Medium Enterprises (SMEs) a low cost, quick-to-market, turnkey service to be online and generating revenue inside Mainland China in less than thirty (30) days. YuShop Global provides global logistics, brand localization, cross-border payment gateways, marketing, customer service, and end-to-end product and sales management for its merchant partners around the world.

For more information on YuShop Global, visit <http://www.yushopglobal.com>