



*(Incorporated in the Cayman Islands with Limited Liability)*

Stock Code: 0575

29 May 2019

## ANNOUNCEMENT



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### POSSIBLE ACQUISITION OF ENTERTAINMENT DIRECT ASIA LTD (“YOOYA”)

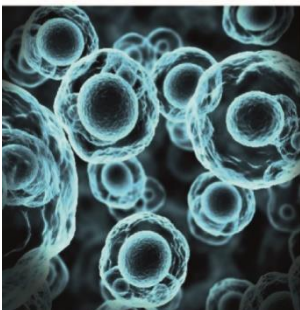


#### SUMMARY

This announcement is made by the Company in compliance with the disclosure requirements under Rule 13.09 of the HK Listing Rules and the Inside Information Provisions (as defined under the HK Listing Rules) under Part XIVA of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong).

#### Possible Acquisition of Yooya

The Board is pleased to announce that today (after market close) the Company entered into a non-legally binding, indicative offer with Yooya in respect of the possible acquisition of Yooya by the Company for approximately US\$15 million (or approximately HK\$117 million), to be satisfied by way of the issuance of new Shares, the number of which shall be determined pursuant to an exchange ratio based on the closing Share price of the Company's Shares on the Exchange on the business day immediately preceding the date hereof, being HK\$0.25 per Share.



On the basis of the indicative offer, the possible acquisition would therefore require the issuance of 467,999,965 consideration Shares, representing approximately 25.47% of the existing issued share capital of the Company and approximately 20.30% of the issued share capital of the Company as to be enlarged by the allotment and issue of the consideration Shares. These figures do not take into account any other issues of Shares that may or may not take place.

The possible acquisition remains subject to a number of pre-conditions, including completion of due diligence, respective approvals of the Company's and Yooya's boards and formal acquisition documentation to be agreed between the Company and each of Yooya's shareholders.

Following the transaction, Yooya will expand its sector focus and become the first e-commerce marketing platform to focus on CBD infused products that are designed to awaken the body's natural healing system and promote better health and sleep; and products that safely eliminate the psychoactive THC from hemp.

Yooya is a content-driven e-commerce platform that is reshaping the way that brands connect with Chinese consumers. Total e-commerce revenue in China is forecast to top US\$1.8 trillion by 2022. Yooya recognises that the way that Chinese consumers shop and the factors that influence purchase decisions have changed dramatically, with video content consumption being the single most popular activity on the internet in China. Japan, Asia's second largest e-commerce market in dollar terms, will see nearly 90 million e-commerce shoppers by 2021.

Yooya is particularly focused on brands in the beauty and cosmetics, health and wellness, apparel, and related sectors. Recent research from Kantar shows that in 2018 annual online sale of cosmetics, skincare, and personal-care products in China grew by 46%, 40% and 37% respectively.

Based on the Company's current market capitalisation and other relevant metrics as at the date hereof, the possible acquisition will likely constitute a discloseable transaction of the Company, while the issuance of the consideration Shares will likely be carried out pursuant to a specific mandate that will need to be sought and obtained from shareholders in due course. That said, the Company will re-assess the HK Listing Rule compliance requirements as and when formal legally binding documentation is executed and will take whatever action is required under the HK Listing Rules at that time.

**As the possible acquisition of Yooya remains subject to the fulfillment of a number of pre-conditions and conditions it may or may not proceed. Shareholders of the Company and potential investors are advised to exercise caution when dealing in the Shares.**

This announcement is made by Regent Pacific Group Limited (the “**Company**” and collectively with its subsidiaries, the “**Group**”) in compliance with the disclosure requirements under Rule 13.09 of The Rules (the “**HK Listing Rules**”) Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Exchange**”) and the Inside Information Provisions (as defined under the HK Listing Rules) under Part XIVA of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong).

### **Possible Acquisition of Yooya**

The directors (the “**Directors**” or the “**Board**”) of Regent Pacific Group Limited (the “**Company**” or “**Regent Pacific**”) are pleased to announce that today (after market close) the Company entered into a non-legally binding, indicative offer with Yooya in respect of the possible acquisition of Yooya by the Company for approximately US\$15 million (or approximately HK\$117 million), to be satisfied by way of the issuance of new ordinary shares in the Company (“**Shares**”), the number of which shall be determined pursuant to an exchange ratio based on the closing Share price of the Company’s Shares on the Exchange on the business day immediately preceding the date hereof, being HK\$0.25 per Share.

On the basis of the indicative offer, the possible acquisition would therefore require the issuance of 467,999,965 consideration Shares, representing approximately 25.47% of the existing issued share capital of the Company and approximately 20.30% of the issued share capital of the Company as to be enlarged by the allotment and issue of the consideration Shares. These figures do not take into account any other issues of Shares that may or may not take place.

The possible acquisition remains subject to a number of pre-conditions, including completion of due diligence, respective approvals of the Company’s and Yooya’s boards and formal acquisition documentation to be agreed between the Company and each of Yooya’s shareholders.

The indicative offer provides that all Yooya shareholders will agree not to dispose of or agree to dispose of any of their consideration Shares that may be issued to them or any interest (as defined in Part XV of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)) therein for a period of 6 months from completion of the acquisition without the prior written consent of the Board.

Based on the Company's current market capitalisation and other relevant metrics as at the date hereof, the possible acquisition will likely constitute a discloseable transaction of the Company, while the issuance of the consideration Shares will likely be carried out pursuant to a specific mandate that will need to be sought and obtained from shareholders in due course. That said, the Company will re-assess the HK Listing Rule compliance requirements as and when formal legally binding documentation is executed and will take whatever action is required under the HK Listing Rules at that time.

## Yooya

Following the transaction, Yooya will expand its sector focus and become the first e-commerce marketing platform to focus on CBD infused products that are designed to awaken the body's natural healing system and promote better health and sleep; and products that safely eliminate the psychoactive THC from hemp.

Yooya is a content-driven e-commerce platform that is reshaping the way that brands connect with Chinese consumers. Total e-commerce revenue in China is forecast to top US\$1.8 trillion by 2022. Yooya recognises that the way that Chinese consumers shop and the factors that influence purchase decisions have changed dramatically, with video content consumption being the single most popular activity on the internet in China. Japan, Asia's second largest e-commerce market in dollar terms, will see nearly 90 million e-commerce shoppers by 2021.

Yooya helps brands to reach the right audiences through its targeted video platform; and substantial network of content producers and e-commerce providers. John Possman and Richard Myers, existing directors of Yooya, have over fifty years of experience combined in media, technology, and consumer products in Greater China, Japan, and other markets in Asia.

Yooya is particularly focused on brands in the beauty and cosmetics, health and wellness, apparel, and related sectors. Recent research from Kantar shows that in 2018 annual online sale of cosmetics, skincare, and personal-care products in China grew by 46%, 40% and 37% respectively.

**Jamie Gibson, Chief Executive Officer of Regent Pacific**, said, "We see huge opportunity to use the Yooya team's extensive experience in digital marketing and partnerships with both influencers and e-commerce platforms to support the roll out of our CBD, organics and natural formulations business, which require more targeted engagement to reach the end-consumer."

On completion of the transaction, it is intended that Lorne Abony will join the Board as a non-executive director. Abony is a well-known technology, media and wellness entrepreneur whose

many successful ventures include the co-founding of FUN which he later sold in 2006 to Liberty Media for Cdn \$484 million and Mood Media Corporation, a business he grew from start up to US\$750 million in revenue, US\$130 million in EBITDA, 3,300 employees and offices in 47 countries. In 2017, Abony co-founded and was CEO of Nuuvera Corporation, a leading wellness company that sold 11 months after being formed for Cdn \$832 million.

### **Convertible Note Financing**

The Company refers to its announcement made on 29 May 2019 on or around the same time as this announcement, pursuant to which it has announced that it has signed subscription agreements with, *inter alia*, James Mellon and Jamie Gibson, both Directors, together with an experienced group of third party strategic investors in CBD, organics and natural formulations for a total amount of approximately US\$17.5 million (or approximately HK\$136.50 million) in convertible loan notes. The convertible loan notes will accrue interest at a rate of 4% per annum, mature in May 2022 and be issued at a conversion price of HK\$0.2125 per Share, representing a 15% discount to yesterday's closing price of the Company's Shares as quoted on the Exchange. The issuance of the convertible loan notes to James Mellon and Jamie Gibson will be connected transactions of the Company under Chapter 14A of the HK Listing Rules and require approval of the independent shareholders in general meeting of the Company. The Company proposes to seek from the independent shareholders an approval for the subscription agreement (and transactions contemplated thereunder) entered into with the Directors, as well as a specific mandate in respect of the issuance and allotment of the conversion shares to all subscribers.

For a more fulsome explanation of the terms and conditions in respect of the proposed issue of convertible loan notes, please refer to the announcement made contemporaneously with this announcement.

The Company will continue to keep its shareholders and potential investors updated on any material developments, when they arise.

**Jamie Gibson, Chief Executive Officer of Regent Pacific, said,** *“The capital raised through this offering will help us drive our rapid expansion into the fast-growing CBD segment, which is estimated to be worth up to US\$15 billion in China alone by 2024, added **Jamie Gibson.** “We envisage rolling out our CBD business in Asia with a line of exceptional consumer-focused products initially in the health and wellness area, including topicals and balms, and working with the world’s largest CBD manufacturers to build out our CBD brands over time. The participants in this offering include strategic investors in the Company who have generated very successful investment returns in the CBD market and we are grateful for their confidence in the Company.”*

**As the possible acquisition of Yooya remains subject to the fulfillment of a number of pre-conditions and conditions it may or may not proceed. Shareholders of the Company and potential investors are advised to exercise caution when dealing in the shares of the Company.**

Note: Unless otherwise specified herein, amounts dominated in US\$ have been translated, for the purpose of illustration only, into HK\$ using the exchange rate of US\$1.00 = HK\$7.80.

On Behalf of the Board of  
**Regent Pacific Group Limited**

Jamie Gibson  
*Director*

**Directors of the Company:**

James Mellon (*Chairman*)\*  
Jamie Gibson (*Chief Executive Officer*)  
David Comba#  
Julie Oates#  
Mark Searle#  
Jayne Sutcliffe\*

\* *Non-Executive Directors*

# *Independent Non-Executive Directors*

Hong Kong, 29 May 2019