

Regent Pacific enters exploding CBD market in Asia through proposed acquisition of Yooya

- *Following the transaction, Yooya will become the first e-commerce platform to focus on the burgeoning CBD market in Asia*
- *It is widely believed that CBD sales in Asia will take place predominantly through e-commerce and Yooya's 1.7 billion monthly page views represents the perfect launchpad to target Asian CBD consumers*
- *Asia is a largely untapped CBD market and represents the next enormous market opportunity to benefit from the global secular trend towards the legalisation of cannabis*
- *The CBD category alone is estimated to potentially be worth up to US\$15 billion in China by 2024*
- *Regent Pacific to acquire Yooya for US\$15 million via a share for share exchange*
- *Regent Pacific to issue US\$17.5 million in convertible loan notes and backed by third party strategic investors to support expansion into new product lines*

(29 May 2019, Hong Kong) – Regent Pacific Group Limited (“**Regent Pacific**” or the “**Company**” and together with its subsidiaries, the “**Group**”; Hong Kong stock code: 00575), a specialist healthcare, wellness and life sciences investment group, has signed an indicative non-legally binding offer letter with Entertainment Direct Asia Ltd. to acquire (“**Yooya**”) for a potential consideration of US\$15 million. If successful, the transaction would be effected through a share for share exchange.

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.”

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.

On completion of the transaction, Lorne Abony will join the Company’s board of directors 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.

To further support the expansion into new product lines, the Company has also signed subscription agreements with Jim Mellon, Jamie Gibson and an experienced group of strategic investors including principals of JJR Capital and Abony Enterprises in CBD, organics and natural formulations for a total amount of approximately US\$17.5 million in convertible loan notes. The 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 the closing price of the Ordinary Shares as quoted on the Hong Kong Stock Exchange on the date immediately preceding the date of this press release.

“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.”

The issuance of the loan notes to Jim Mellon and Jamie Gibson will be subject to independent shareholders’ approval and the new Regent shares to be issued to the subscribers will be granted pursuant to a specific mandate that will be subject to shareholders’ approval.

For fuller description of the terms of the loan notes please refer to the Company’s announcement of today.

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About Regent Pacific

Regent Pacific is a diversified investment group based in Hong Kong currently holding various corporate and strategic investments focusing on the healthcare, wellness and life sciences sectors. The Group has a strong track record of investments and has returned approximately US\$298 million to shareholders in the 21 years of financial reporting since its initial public offering.

Forward Looking Statements

This announcement, including any information included or incorporated by reference in this announcement, contains statements about Regent Pacific that are or may be forward looking statements. Such forward looking statements involve risks and uncertainties that could significantly affect expected results and are based on certain key assumptions. Many factors could cause actual results to differ materially from those projected or implied in any forward looking statement. Much of the risk and uncertainty relates to factors that are beyond Regent Pacific's abilities to control or estimate precisely, such as future market conditions and the behaviours of other market participants, and therefore undue reliance should not be placed on such statements. Neither Regent Pacific nor any of its associates or directors, officers, employees, managers, agents, representatives, partners, members, consultants or advisers: (i) provide any representation, warranty, assurance or guarantee that the occurrence of the events expressed or implied in any forward looking statement will actually occur; nor (ii) assume any obligation to, and do not intend to, revise or update these forward looking statements, except as required pursuant to applicable law, the HK Listing Rules or other applicable regulation. Regent Pacific disclaims any obligation to update any forward looking or other statements contained herein, except as required by applicable law, the HK Listing Rules or other applicable regulation.

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