



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

Stock Code: 0575

14 August 2017

## ANNOUNCEMENT



*Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.*

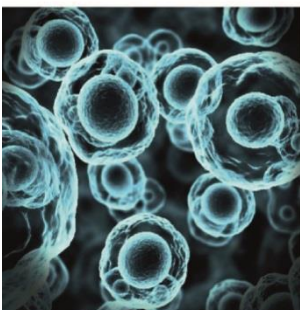
### UPDATE ON COMMERCIAL NEGOTIATIONS WITH RECORDATI AND COMMERCIAL LAUNCH OF FORTACIN™ IN CONTINENTAL EUROPE



#### 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).

The Directors wish to inform the shareholders of the Company and potential investors that the Group has reached an advanced stage of negotiations with Recordati, the Group's out-licencing and commercial partner for the sale and distribution of Fortacin™ in Continental Europe, in respect of revising certain of the commercial terms set out in the Previous Agreement entered into with Recordati on 16 September 2014 and effective from 26 September 2014, in respect of the rights to commercialise Fortacin™.



Under the proposed amendments to the Previous Agreement, the Group, acting through Solutions (a wholly owned subsidiary of the Company), will be eligible to receive payments of up to €41 million (or approximately US\$48.20 million or HK\$375.96 million) plus royalties after hitting certain milestones related to the Continental European roll-out. Specifically, Solutions will be eligible to receive:

- a payment of €4 million (or approximately US\$4.70 million or HK\$36.66 million) on the effective date of the amended out-licence agreement;
- a payment of up to €4 million (or approximately US\$4.70 million or HK\$36.66 million) in total upon first commercial sales of the Fortacin™ product in France, Germany, Italy, Spain and Portugal (€800,000 (or approximately US\$940,000 or HK\$7.33 million) for each of these 5 countries);
- a possible payment of up to €8 million (or approximately US\$9.40 million or HK\$73.32 million) in total, dependent on the net sales achieved by Recordati in the first 3 years of sales;
- up to €25 million (or approximately US\$29.39 million or HK\$229.24 million) in aggregate in sales-based milestones; and
- tiered percentage royalties on net sales, ranging from the mid-teens to the mid-twenties for 10 years from first commercial sale, and thereafter at a single digit percentage royalty rate.

The Directors would also like to announce that Recordati has informed Solutions that Fortacin™ will now be launched for commercial sale in Europe in early 2018. The delay in the launch has been caused by the ongoing negotiations in respect of certain of the commercial terms set out in the Previous Agreement, required as a consequence of refining the Fortacin™ formulation in respect of the number of doses to be delivered per canister to be developed and commercialised from the initial 20 doses, to approximately 6 doses, to the now settled number of approximately 12 doses per canister. Recordati is expected to begin sales of Fortacin™ in France, Germany, Italy, Spain and Portugal in early 2018, and in the rest of Europe, Russia, the Commonwealth of Independent States (CIS) and select countries of North Africa in the coming years.

**The proposed amendments to the Previous Agreement are intended to be implemented by way of an amended and restated licence agreement. Shareholders and investors will be updated as and when the revisions to the Previous Agreement are finalised and executed, which is expected to take place prior to the end of September 2017. Until then, Shareholders of the Company and potential investors are advised to exercise caution when dealing in the Shares as such revised commercial terms may or may not come into effect.**

This announcement is made by the Company in compliance with the disclosure requirements under Rule 13.09 of 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).

### **Proposed Revisions to the Previous Agreement with Recordati**

The Directors wish to inform the shareholders of the Company and potential investors that the Group has reached an advanced stage of negotiations with Recordati, the Group's out-licencing and commercial partner for the sale and distribution of Fortacin™ in Continental Europe, in respect of revising certain of the commercial terms set out in the Previous Agreement entered into with Recordati on 16 September 2014 and effective from 26 September 2014, in respect of the rights to commercialise Fortacin™.

Under the proposed amendments to the Previous Agreement, the Group, acting through Solutions (a wholly owned subsidiary of the Company), will be eligible to receive payments of up to €41 million (or approximately US\$48.20 million or HK\$375.96 million) plus royalties after hitting certain milestones related to the Continental European roll-out. Specifically, Solutions will be eligible to receive:

- a payment of €4 million (or approximately US\$4.70 million or HK\$36.66 million) on the effective date of the amended out-licence agreement;
- a payment of up to €4 million (or approximately US\$4.70 million or HK\$36.66 million) in total upon first commercial sales of the Fortacin™ product in France, Germany, Italy, Spain and Portugal (€800,000 (or approximately US\$940,000 or HK\$7.33 million) for each of these 5 countries);
- a possible payment of up to €8 million (or approximately US\$9.40 million or HK\$73.32 million) in total, dependent on the net sales achieved by Recordati in the first 3 years of sales;
- up to €25 million (or approximately US\$29.39 million or HK\$229.24 million) in aggregate in sales-based milestones; and
- tiered percentage royalties on net sales, ranging from the mid-teens to the mid-twenties for 10 years from first commercial sale, and thereafter at a single digit percentage royalty rate.

At the time of entering the Previous Agreement the then-current formulation of Fortacin™ was an aluminium spray container with a metering valve containing 6.5ml of solution delivering

approximately 20 doses. It was intended that a formulation delivering approximately 6 doses would be developed and commercialised and the then-current European Marketing Authorisation would be varied by Solutions accordingly. It is now intended that the revisions to be made to the Previous Agreement will provide that a formulation delivering approximately 12 doses will be developed and commercialised.

The Previous Agreement provided that upon acceptance of the variation to the European Marketing Authorisation (from a 20 dose formulation to a 6 dose formulation), the European Marketing Authorisation would be transferred to Recordati and Solutions would receive €6 million (or approximately US\$7.05 million or HK\$54.99 million) (“**Development Payment**”). The proposed amendments to the Previous Agreement provide that Solutions shall now receive €4 million (or approximately US\$4.70 million or HK\$36.66 million) promptly after signing the amended and restated licence agreement.

Whereas previously it was agreed that Solutions would receive a total of €10 million (or approximately US\$11.76 million or HK\$91.73 million) following first commercial sale of the Fortacin™ product in France, Germany, Italy, Portugal and Spain (“**Launch Payments**”), it is proposed that this now be amended to provide that a total of €4 million (or approximately US\$4.70 million or HK\$36.66 million) will be due in this event. Based on the Previous Agreement, Solutions would have received €16 million (or approximately US\$18.81 million or HK\$146.72 million) in respect of the Development Payment and the Launch Payments, but pursuant to the proposed amendments, it is expected that Solutions will now receive €8 million (or approximately US\$9.40 million or HK\$73.32 million) leaving an €8 million (or approximately US\$9.40 million or HK\$73.32 million) shortfall (“**Clawback**”). Should ultimate agreement be reached, the Clawback can be received by Solutions either in full or partially following the expiry of three years after the first commercial sale of the Fortacin™ product by Recordati where the value of net sales achieved by Recordati reaches the level anticipated under the Previous Agreement.

In the Previous Agreement it was provided that Solutions would receive payments of up to €25 million (or approximately US\$29.39 million or HK\$229.24 million) upon achievement by Recordati of various aggregate net sales targets. It is now proposed that this be amended such that both the relevant payments and the aggregate net sales targets be reduced to €15.6 million (or approximately US\$18.34 million or HK\$143.05 million). If, however, in any of the first three years after the first commercial sale of the Fortacin™ product by Recordati, the value of sales achieved by Recordati reaches the level anticipated under the Previous Agreement, it is now proposed that the payments and thresholds shall return to their originally agreed level.

It is proposed that royalties due under the Previous Agreement during the initial royalty term remain the same, however, pursuant to the proposed amendments to the Previous Agreement,

it is now intended that these will be applied on reduced threshold amounts of annual net sales, subject to the Clawback.

The proposed amendments to the Previous Agreement are intended to be implemented by way of an amended and restated licence agreement. Shareholders and investors will be updated as and when the revisions to the Previous Agreement are finalised and executed, which is expected to take place prior to the end of September 2017.

### **Commercial launch of Fortacin™ in Europe by Recordati**

The Directors would also like to announce that Recordati has informed Solutions that Fortacin™ will now be launched for commercial sale in Europe in early 2018. The delay in the launch has been caused by the ongoing negotiations in respect of certain of the commercial terms set out in the Previous Agreement, required as a consequence of refining the Fortacin™ formulation in respect of the number of doses to be delivered per canister to be developed and commercialised from the initial 20 doses, to approximately 6 doses, to the now settled number of approximately 12 doses per canister. Recordati is expected to begin sales of Fortacin™ in France, Germany, Italy, Spain and Portugal in early 2018, and in the rest of Europe, Russia, the Commonwealth of Independent States (CIS) and select countries of North Africa in the coming years.

Fortacin™ is the first EU approved prescription treatment for premature ejaculation (“PE”) that does not act on the central nervous system and has been available in the UK by way of prescription since November 2016. The treatment is a topical spray containing low doses of two anaesthetics - lidocaine and prilocaine – that take effect almost immediately upon application, giving users more control without reducing pleasure.

**Jamie Gibson, Chief Executive Officer of Regent Pacific, said,** “We are very enthusiastic about our prospects for the second half of 2017. Regent Pacific also looks forward to the beginning of next year when Recordati will begin rolling out Fortacin™ more broadly across Europe.”

**The proposed amendments to the Previous Agreement are intended to be implemented by way of an amended and restated licence agreement. Shareholders and potential investors will be updated as and when the revisions to the Previous Agreement are finalised and executed, which is expected to take place prior to the end of September 2017. Until then, Shareholders of the Company and potential investors are advised to exercise caution when dealing in the Shares as such revised commercial terms may or may not come into effect.**

## Update on “out-licensing”

As previously disclosed, discussions and negotiations are continuing to take place in respect of “out-licensing” the grant of rights by Solutions with pharmaceutical companies and with other strategic partners in respect of Fortacin™ in other major territories outside of the UK and EU, including China. While it remains impossible to determine with accuracy the timing of completion of such agreements (and no assurance can be given that negotiations will lead to a binding licence agreement(s)), the Company anticipates that such discussions and negotiations will be assisted by Fortacin™ being brought to market in mainland Europe, which is expected to occur in early 2018. The Company will update shareholders and the market more generally if and when there are any relevant developments in this respect.

## Definitions

In this announcement, the following expressions have the following meanings unless the context require otherwise:

“Board”	the board of directors of the Company
“Company” or “Regent Pacific”	Regent Pacific Group Limited, a company incorporated in the Cayman Islands with limited liability, the Shares of which are listed on the HK Stock Exchange and are also traded on the OTC market (Freiverkehr) of the Frankfurt Stock Exchange
“Director(s)”	the directors of the Company
“European Marketing Authorisation”	means the marketing authorisation issued by the EMA, number EMEA/H/C/002693 (issued on 15 November 2013), which is held by Solutions
“EUR” or “€”	Euro
“Group”	the Company and its subsidiaries
“HK Listing Rules”	The Rules Governing the Listing of Securities on the HK Stock Exchange, as amended from time to time
“HK Stock Exchange”	The Stock Exchange of Hong Kong Limited
“HK\$”	Hong Kong dollars, the lawful currency in Hong Kong

<b>“Previous Agreement”</b>	the licence agreement entered into with Recordati on 16 September 2014 and effective from 26 September 2014, in respect of the rights to commercialise Fortacin™, Solutions' novel treatment for premature ejaculation, in Europe, Russia, the Commonwealth of Independent States (C.I.S), Turkey and certain countries of North Africa
<b>“Recordati”</b>	Recordati Group
<b>“Solutions”</b>	Plethora Solutions Limited, a wholly owned subsidiary of the Company
<b>“Share(s)”</b>	the ordinary shares, with voting rights, of US\$0.01 each in the capital of the Company, which are listed on the HK Stock Exchange and are also traded on the OTC market (Freiverkehr) of the Frankfurt Stock Exchange
<b>“US\$”</b>	United States dollars, the lawful currency of the United States

Note: Unless otherwise specified herein, amounts denominated in: (i) EUR have been translated, for the purpose of illustration only, into US\$ using the exchange rate of EUR 1.00 = US\$1.1756; and (ii) 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, 14 August 2017