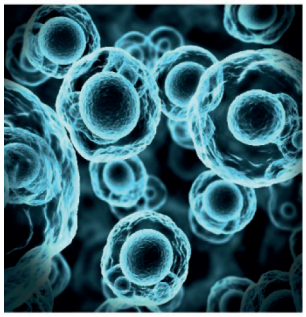
REGENT PACIFIC GROUP LIMITED



(Incorporated in the Cayman Islands with Limited Liability)

Stock Code: 0575 25 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.

UNAUDITED INTERIM RESULTS FOR THE SIX MONTHS ENDED 30 JUNE 2017

PERFORMANCE OVERVIEW

- A loss attributable to shareholders of the Company of US$19.02 million, which was mainly attributable to: (i) an amortisation charge of US$13.91 million on the intangible asset, being Fortacin™, a non-cash item; (ii) the operating expenses of US$4.43 million; and (iii) a marked-to-market loss of US$1.31 million in respect of the Company's equity portfolio of financial assets at fair value through profit or loss.

- Shareholders' equity of US$167.20 million, a decrease of approximately 7.81% as compared with that at 31 December 2016, with the decrease being mainly attributable to the loss attributable to shareholders of the Company of US$19.02 million, while being offset somewhat by the issue of 100,000,000 new Regent ordinary shares ("**Shares**") with net proceeds of approximately US$4.95 million under the placing and top-up subscription referred to immediately below.

- As announced on 29 March 2017, the Company successfully undertook a placing and top-up subscription with BOCI Asia Limited ("**BOCI**"), as placing agent, and James Mellon, as vendor, pursuant to which: (i) the placing agent, as the placing agent of the vendor, procured placees to purchase 100,000,000 Shares at the placing price of HK$0.405 per Share; and (ii) the vendor subscribed for the equivalent number of Shares at the same price of HK$0.405 per Share, raising approximately HK$40.5 million, gross proceeds, and approximately HK$38.48 million, net proceeds. It was announced that the

Regent Pacific Group Limited
8th Floor, Henley Building
5 Queen's Road Central
Hong Kong

Tel: (852) 2514 6111
Fax: (852) 2810 4792 | (852) 2509 0827
Email: info@regentpac.com
Website: www.regentpac.com

net proceeds would be used to: (i) fund the New Drug Application ("**NDA**") process with the US Food and Drug Administration ("**FDA**"), together with the continued commercial manufacturing scale up of Fortacin™; (ii) fund the build out of the Group's healthcare and life sciences platform by investing in further identified and unidentified investments in the sector; and (iii) in respect of the balance, provide general working capital for the Group. The placing and top-up subscription closed on 3 and 7 April 2017, respectively.

- In addition and as announced by the Company on 28 February and 28 March 2017: (i) following the UK launch, Fortacin™ can now be prescribed from a physician either in person or online via an online consultation, with prescriptions to be filled by Chemist 4 U (https://www.chemist-4-u.com/); (ii) three (3) good manufacturing practice batches of the Fortacin™ 12 dose product previously manufactured by Pharmaserve (North West) Limited ("**Pharmaserve**"), together with a further variation application to widen the moisture levels permitted in the product during shelf life, received approval from the European Medicines Agency ("**EMA**") on 23 March 2017, enabling the manufacture and release of the European Union ("**EU**") commercial supplies for the launch of Fortacin™, planned by Recordati Group ("**Recordati**") in early 2018; (iii) from April 2017, additional manufacturing process development at Pharmaserve has commenced with the goal of increasing the commercial batch size for Fortacin™ by approximately threefold, with a view to lowering the unit price and meeting the anticipated increase in demand following the EU commercial launch in early 2018 by Recordati; and (iv) the Company, on behalf of Plethora Solutions Limited ("**Plethora Solutions**"), has formally approached the Hong Kong Department of Health indicating its intention to apply for the registration of Fortacin™ for sale as a pharmaceutical product in Hong Kong and Macau.

- In parallel with the European roll-out effort of Fortacin™, the Group has further progressed the preparation of the NDA to the FDA, and continued discussions with new potential commercial partners with regards to licensing Fortacin™ in other geographical regions.

- The successful disposal of the Group's entire interest in Condor Gold plc ("**Condor**") for an aggregate consideration of approximately US$2.51 million in cash, which was a discloseable transaction of the Group.

- Maintaining and actively monitoring its existing and strategic investment in The Diabetic Boot Company Limited ("**Diabetic Boot**"), together with the continued equity accounting of the investment.

- Maintaining and actively monitoring its existing and strategic investment in Venturex Resources Limited ("**Venturex**"), representing approximately 22.48% of the share capital of the company as at 30 June 2017.

- As at 30 June 2017, the Company had no debt, having cash, listed and unlisted securities of US$6.22 million.

Post the interim reporting period and as announced by the Company on 14 August 2017, 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 Plethora Solutions (a wholly owned subsidiary of the Company), will be eligible to receive payments of up to EUR 41 million (or approximately US$48.20 million) plus royalties after hitting certain milestones related to the Continental European roll-out. Specifically, Plethora Solutions will be eligible to receive:

- A payment of EUR 4 million (or approximately US$4.70 million) on the effective date of the amended out-licence agreement;
- A payment of up to EUR 4 million (or approximately US$4.70 million) in total upon first commercial sales of the Fortacin™ product in France, Germany, Italy, Spain and Portugal (EUR 800,000 (or approximately US$940,000) for each of these 5 countries);
- A possible payment of up to EUR 8 million (or approximately US$9.40 million) in total, dependent on the net sales achieved by Recordati in the first 3 years of sales;
- Up to EUR 25 million (or approximately US$29.39 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.

For further details relating to the proposed amendments to the previous agreement, shareholders and investors should refer to the section entitled "Summary of proposed amendments to the previous agreement", which appears below within this announcement.

Going forward, the Group will: (i) pursue the successful commercialisation of Fortacin™ as quickly as possible, not only in Europe with Recordati, but also in the remaining key markets of the North America, Latin America and Asia Pacific regions; and (ii) continue with its existing strategy of pursuing strategic and value-led investments in the healthcare and life sciences sectors.

RESULTS

The directors (the "**Directors**" or the "**Board**") of Regent Pacific Group Limited (the "**Company**" or "**Regent**" and collectively with its subsidiaries, the "**Group**") announce the unaudited results of the Group for the six months ended 30 June 2017, together with comparative figures for the six months ended 30 June 2016, as follows:

Consolidated Statement of Comprehensive Income
For the six months ended 30 June 2017

	Notes	(Unaudited) For the six months ended 30 June 2017 US$'000	30 June 2016 US$'000
Revenue	3		
Corporate investment income		(126)	(194)
Other income		3	50
		(123)	(144)
Fair value (loss)/gain on financial instruments	4	(1,350)	3,675
Total income less fair value (loss)/gain on financial instruments		(1,473)	3,531
Expenses:			
Employee benefit expenses		(1,933)	(2,038)
Rental and office expenses		(343)	(371)
Information and technology expenses		(91)	(166)
Marketing costs and commissions		(75)	(57)
Professional and consulting fees		(497)	(2,068)
Research and development expenses		(1,289)	(1,548)
Amortisation of intangible asset (Fortacin™)		(13,908)	(8,748)
Other operating expenses		(204)	(676)
Operating loss before impairment loss	4	(19,813)	(12,141)
Reversal of impairment on loan receivables	4	—	100
Operating loss	4	(19,813)	(12,041)
Loss on deemed disposal of associates		—	(5,805)
Gain from bargain purchase of a subsidiary	11	—	31,686
Gain from bargain purchase of an associate	7(ii)	—	1,356
Share of results of associates		(595)	(102)
(Loss)/Profit before taxation		(20,408)	15,094
Tax credit	5	1,391	868
(Loss)/Profit for the period		(19,017)	15,962

	Notes	(Unaudited) For the six months ended 30 June 2017 US$'000	30 June 2016 US$'000
Other comprehensive income			
Items that may be reclassified subsequently to profit or loss:			
Change in fair value of available-for-sale financial assets		—	9
Deferral of Day One Gain on derivative financial instruments		—	526
Exchange (loss)/gain on translation of financial statements of foreign operations		(30)	345
Share of other comprehensive income of associates		(72)	(629)
Reclassification to profit or loss on deemed disposal of an associate		—	3,127
Reclassification to profit or loss on disposal of available-for-sale financial assets		—	(1,169)
Other comprehensive income for the period		(102)	2,209
Total comprehensive income for the period		(19,119)	18,171
(Loss)/Profit for the period attributable to:			
Shareholders of the Company		(19,015)	15,964
Non-controlling interests		(2)	(2)
		(19,017)	15,962
Total comprehensive income attributable to:			
Shareholders of the Company		(19,117)	18,173
Non-controlling interests		(2)	(2)
		(19,119)	18,171
(Losses)/Earnings per share attributable to shareholders of the Company during the period	6	US cent	US cent
– Basic and Diluted		(1.066)	1.310
		HK cent	HK cent
– Basic and Diluted		(8.287)	10.1648

Consolidated Statement of Financial Position
As at 30 June 2017

	Notes	(Unaudited) As at 30 June 2017 US$'000	(Audited) As at 31 December 2016 US$'000
ASSETS AND LIABILITIES			
Non-current assets			
Property, plant and equipment		72	84
Intangible asset		179,270	193,178
Interests in associates	7	2,388	3,055
Available-for-sale financial assets		1,726	1,726
		183,456	198,043
Current assets			
Cash and bank balances		1,503	291
Financial assets at fair value through profit or loss		2,986	7,386
Prepayments, deposits and other receivables		655	614
Derivative financial instruments		186	186
		5,330	8,477
Current liabilities			
Trade payables, deposits received, accruals and other payables	8	(3,704)	(5,874)
Net current assets		1,626	2,603
Total assets less current liabilities		185,082	200,646
Non-current liabilities			
Deferred tax liabilities		(17,927)	(19,318)
NET ASSETS		167,155	181,328
EQUITY			
Capital and reserves attributable to shareholders of the Company			
Share capital		18,372	17,372
Reserves		148,828	163,999
Equity attributable to shareholders of the Company		167,200	181,371
Non-controlling interests		(45)	(43)
TOTAL EQUITY		167,155	181,328

Notes:

1. General information and basis of preparation

The Company was incorporated in the Cayman Islands with limited liability. Its registered office is at P.O. Box 309, Ugland House, Grand Cayman, KY1-1104, Cayman Islands. The Company's shares are listed on The Stock Exchange of Hong Kong Limited (the "**HK Stock Exchange**") and are also traded on the Open Market (Freiverkehr) of the Frankfurt Stock Exchange.

The Company is engaged in investment holding, and the principal activities of the Group consist of investments in biopharma companies and other corporate investments.

The interim financial report has been prepared in accordance with the applicable disclosure requirements of Appendix 16 to The Rules Governing the Listing of Securities on the HK Stock Exchange (the "**HK Listing Rules**") and Hong Kong Accounting Standard ("**HKAS**") 34 "Interim Financial Reporting" issued by the Hong Kong Institute of Certified Public Accountants (the "**HKICPA**").

The accounting policies used in the preparation of the interim financial report are consistent with those used in the annual financial statements for the year ended 31 December 2016, except for the adoption of the new or revised Hong Kong Financial Reporting Standards ("**HKFRSs**") (which include individual Hong Kong Financial Reporting Standards, HKASs and Interpretations) as disclosed in note 2.

The interim financial report does not include all the information and disclosures required in the annual financial statements and should be read in conjunction with the Group's annual financial statements for the year ended 31 December 2016.

2. Adoption of new or revised HKFRSs

In the current period, the Group has applied for the first time the following new standards, amendments and interpretations ("**new HKFRSs**") issued by the HKICPA, which are relevant to and effective for the Group's financial statements for the annual period beginning on 1 January 2017:

Amendments to HKAS 7	Disclosure Initiative
Amendments to HKAS 12	Recognition of Deferred Tax Assets for Unrealised Losses

The adoption of these new HKFRSs had no material impact on how the financial performance and financial position for the current and prior periods have been prepared and presented.

At the date of authorisation of these financial statements, certain new HKFRSs, that are potentially relevant to the Group's operation, have been published but are not yet effective and have not been adopted early by the Group:

		Effective for accounting periods beginning on or after
HKFRSs (Amendments)	Annual Improvements 2014-2016 Cycle	1 January 2018
Amendments to HKFRS 2	Classification and Measurement of Share-based Payment Transactions	1 January 2018
HKFRS 9	Financial Instruments	1 January 2018
HKFRS 15	Revenue from Contracts with Customers	1 January 2018
Amendments to HKFRS 15	Revenue from Contracts with Customers (Clarifications to HKFRS 15)	1 January 2018
HKFRS 16	Leases	1 January 2019
HK(IFRIC)-Int 22	Foreign Currency Transactions and Advance Consideration	1 January 2018
HK(IFRIC)-Int 23	Uncertainty Over Income Tax Treatments	1 January 2019
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture[1]	

[1] The amendments were originally intended to be effective for periods beginning on or after 1 January 2016. The effective date has now been deferred/removed. Early application of the amendments continue to be permitted.

Amendments to HKFRS 2 – Classification and Measurement of Share-based Payment Transactions

The amendments provide requirements on the accounting for the effects of vesting and non-vesting conditions on the measurement of cash-settled share-based payments; share-based payment transactions with a net settlement feature for withholding tax obligations; and a modification to the terms and conditions of a share-based payment that changes the classification of the transaction from cash-settled to equity-settled.

HKFRS 9 – Financial Instruments

HKFRS 9 introduces new requirements for the classification and measurement of financial assets. Debt instruments that are held within a business model whose objective is to hold assets in order to collect contractual cash flows (the business model test) and that have contractual terms that give rise to cash flows that are solely payments of principal and interest on the principal amount outstanding (the contractual cash flow characteristics test) are generally measured at amortised cost. Debt instruments that meet the contractual cash flow characteristics test are measured at fair value through other comprehensive income ("**FVTOCI**") if the objective of the entity's business model is both to hold and collect the contractual cash flows and to sell the financial assets. Entities may make an irrevocable election at initial recognition to measure equity instruments that are not held for trading at FVTOCI. All other debt and equity instruments are measured at financial assets at fair value through profit or loss ("**FAFVPL**").

HKFRS 9 includes a new expected loss impairment model for all financial assets not measured at FAFVPL replacing the incurred loss model in HKAS 39 and new general hedge accounting requirements to allow entities to better reflect their risk management activities in financial statements.

HKFRS 9 carries forward the recognition, classification and measurement requirements for financial liabilities from HKAS 39, except for financial liabilities designated at fair value through profit or loss, where the amount of change in fair value attributable to change in credit risk of the liability is recognised in other comprehensive income unless that would create or enlarge an accounting mismatch. In addition, HKFRS 9 retains the requirements in HKAS 39 for derecognition of financial assets and financial liabilities.

HKFRS 15 – Revenue from Contracts with Customers

The new standard establishes a single revenue recognition framework. The core principle of the framework is that an entity should recognise revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods and services. HKFRS 15 supersedes existing revenue recognition guidance including HKAS 18 "Revenue", HKAS 11 "Construction Contracts" and related interpretations.

HKFRS 15 requires the application of a 5-step approach to revenue recognition:

Step 1: Identify the contract(s) with a customer

Step 2: Identify the performance obligations in the contract

Step 3: Determine the transaction price

Step 4: Allocate the transaction price to each performance obligation

Step 5: Recognise revenue when each performance obligation is satisfied

HKFRS 15 includes specific guidance on particular revenue related topics that may change the current approach taken under HKFRS. The standard also significantly enhances the qualitative and quantitative disclosures related to revenue.

Amendments to HKFRS 15 – Revenue from Contracts with Customers (Clarifications to HKFRS 15)

The amendments to HKFRS 15 included clarifications on identification of performance obligations; application of principal versus agent; licences of intellectual property; and transition requirements.

HKFRS 16 – Leases

HKFRS 16, which upon the effective date will supersede HKAS 17 "Leases" and related interpretations, introduces a single lessee accounting model and requires a lessee to recognise assets and liabilities for all leases with a term of more than 12 months, unless the underlying asset is of low value. Specifically, under HKFRS 16, a lessee is required to recognise a right-of-use asset representing its right to use the underlying leased asset and a lease liability representing its obligation to make lease payments. Accordingly, a lessee should recognise depreciation of the right-of-use asset and interest on the lease liability, and also classifies cash repayments of the lease liability into a principal portion and an interest portion and presents them in the statement of cash flows. Also, the right-of-use asset and the lease liability are initially measured on a present value basis. The measurement includes non-cancellable lease payments and also includes payments to be made in optional periods if the lessee is reasonably certain to exercise an option to extend the lease, or to exercise an option to terminate the lease. This accounting treatment is significantly different from the lessee accounting for leases that are classified as operating leases under the predecessor standard, HKAS 17.

In respect of the lessor accounting, HKFRS 16 substantially carries forward the lessor accounting requirements in HKAS 17. Accordingly, a lessor continues to classify its leases as operating leases or finance leases, and to account for those two types of leases differently.

Amendments to HKFRS 10 and HKAS 28 – Sale or Contribution of Assets between an Investor and its Associate or Joint Venture

The amendments clarify the extent of gains or losses to be recognised when an entity sells or contributes assets to its associate or joint venture. When the transaction involves a business, the gain or loss is recognised in full, conversely when the transaction involves assets that do not constitute a business, the gain or loss is recognised only to the extent of the unrelated investors' interests in the joint venture or associate.

The Directors are in the process of making an assessment of the expected impact of these amendments or new standards and interpretations in the period of initial application. Presently, the Directors are of the opinion that these amendments are unlikely to have a significant impact on the Group's financial performance and financial position.

3. Revenue and segment information

The Group identifies operating segments and prepares segment information based on the regular internal financial information reported to the Chief Executive Officer ("**CEO**") for his decision about resources allocation to the Group's business components and for his review of the performance of those components. The business components in the internal financial information reported to the CEO are determined following the Group's major product and service lines.

The Directors have identified the Group's two product and service lines as operating segments as follows:

Biopharma	:	Research, development, manufacturing, marketing and sale of pharmaceutical products
Corporate Investment	:	Investment in corporate entities, both listed and unlisted

These operating segments are monitored and strategic decisions are made on the basis of segment operating results. There were no sales between the reportable segments.

The measurement policies the Group uses for reporting segment results under HKFRS 8 are the same as those used in its financial statements prepared under HKFRSs, except that:

- income tax credit;
- reversal of impairment on loan receivables;
- corporate income and expenses which are not directly attributable to the business activities of any operating segment; and
- share of results of associates accounted for using the equity method, gain from bargain purchase of a subsidiary and an associate, and loss on deemed disposal of an associate

are not included in arriving at the operating results of the operating segment.

Segment assets include all assets except for interests in associates and available-for-sale financial assets.

Segment liabilities exclude deferred tax liabilities and corporate liabilities which are not directly attributable to the business activities of any operating segment and are not allocated to a segment.

Information regarding the Group's reportable segments is set out below:

For the six months ended 30 June 2017

	(Unaudited)		
	Biopharma US$'000	Corporate Investment US$'000	Total US$'000
Revenue from external customers	—	(123)	(123)
Segment results	(15,384)	(4,429)	(19,813)
Share of results of associates	(595)	—	(595)
Consolidated loss before tax credit	(15,979)	(4,429)	(20,408)

As at 30 June 2017

	(Unaudited)		
	Biopharma US$'000	Corporate Investment US$'000	Total US$'000
Segment assets	179,548	5,124	184,672
Interests in associates	2,387	1	2,388
Available-for-sale financial assets	—	1,726	1,726
Total assets	181,935	6,851	188,786
Segment liabilities	(655)	(3,049)	(3,704)
Deferred tax liabilities	(17,927)	—	(17,927)
Total liabilities	(18,582)	(3,049)	(21,631)

For the six months ended 30 June 2016

	(Unaudited)		
	Biopharma US$'000	Corporate Investment US$'000	Total US$'000
Revenue from external customers	2	(146)	(144)
Segment results	(10,946)	(1,195)	(12,141)
Reversal of impairment on loan receivables	—	100	100
Loss on deemed disposal of an associate	(5,805)	—	(5,805)
Gain from bargain purchase of a subsidiary	31,686	—	31,686
Gain from bargain purchase of an associate	1,356	—	1,356
Share of results of associates	(102)	—	(102)
Consolidated profit/(loss) before tax credit	16,189	(1,095)	15,094

As at 31 December 2016

	(Audited)		
	Biopharma US$'000	Corporate Investment US$'000	Total US$'000
Segment assets	193,593	8,146	201,739
Interests in associates	3,054	1	3,055
Available-for-sale financial assets	—	1,726	1,726
Total assets	196,647	9,873	206,520
Segment liabilities	1,970	3,904	5,874
Deferred tax liabilities	19,318	—	19,318
Total liabilities	21,288	3,904	25,192

4. Operating loss

	(Unaudited)	
	For the six months ended	
	30 June 2017	30 June 2016
	US$'000	US$'000
Operating loss is arrived at after charging:		
Auditors' remuneration		
– audit services	—	—
– review services	68	56
– other services	—	62
Depreciation of property, plant and equipment	17	36
Amortisation of intangible asset	13,908	8,748
Operating lease charges on property and equipment	323	323
Realised loss on disposal of financial assets at fair value through profit or loss[@(1)]	42	—
Unrealised loss on financial assets at fair value through profit or loss[@ (1)]	1,308	—
Unrealised loss on derivative financial instruments[@(2)]	—	314
Foreign exchange losses, net	125	240
and crediting:		
Interest income on bank deposits and loan receivables[*]	—	2
Other interest income[*]	—	32
Dividend income from listed equities[*]	—	11
Realised gain on disposal of financial assets at fair value through profit or loss[@(1)]	—	327
Realised gain on disposal of available-for-sale financial assets[@]	—	545
Unrealised gain on financial assets at fair value through profit or loss[@ (1)]	—	2,950
Realised gain on derivative financial instruments[@(2)]	—	167
Reversal of impairment on loan receivables[#]	—	100

[@] These amounts constitute fair value loss on financial instruments of US$1,350,000 (2016: fair value gain of US$3,675,000) in the consolidated statement of comprehensive income.

(1) During the period ended 30 June 2017, net losses on financial assets at fair value through profit or loss amounted to US$1,350,000 (2016: net gains of US$3,277,000), of which a net unrealised loss of US$1,308,000 (2016: net unrealised gain of US$2,950,000) was incurred.

(2) During the period ended 30 June 2017, there were no gains or losses on derivative financial instruments (2016: net losses of US$147,000).

* Included in revenue.

During the period ended 30 June 2016, an impairment on loan receivables of US$100,000 from Blue Pacific Coal Pte. Ltd. was reversed as an amount of US$100,000 was received during the period.

5. Tax credit

No provision for profits tax has been made in the interim financial report as all the Group's companies which are subject to such tax have sustained losses for taxation purposes for the periods ended 30 June 2017 and 2016. Overseas tax is calculated at the rates applicable in the respective jurisdiction.

A tax credit of US$1,391,000 (2016: US$868,000) for the period ended 30 June 2017 represents the deferred tax credit arising on an amortisation charge for the period relating to the intangible asset of the patent Fortacin™.

Share of associates' tax credit for the six months ended 30 June 2017 of US$37,000 (2016: US$48,000) is included in the consolidated statement of comprehensive income as share of results of associates.

6. (Losses)/Earnings per share

The calculation of basic (losses)/earnings per share is based on the loss attributable to shareholders for the period ended 30 June 2017 of US$19,015,000 (2016: profit of US$15,964,000) and on the weighted average number of ordinary shares of 1,784,212,508 (2016: 1,218,404,408) in issue during the period.

As the exercise prices of the Company's share options were higher than the average market price of the Company's shares for the periods ended 30 June 2017 and 2016, the share options outstanding have an anti-dilutive effect. Accordingly, the conversion of such share options is not assumed in the computation of diluted (losses)/earnings per share for the periods ended 30 June 2017 and 2016.

Subsequent to the period ended 30 June 2017 and prior to the date of this announcement, no ordinary shares were issued and allotted.

7. Interests in associates

(i) At the reporting date, the Group's associates and their carrying value comprised the following:

	(Unaudited) As at 30 June 2017 US$'000	(Audited) As at 31 December 2016 US$'000
The Diabetic Boot Company Limited	2,387	3,054
West China Coking & Gas Company Limited ("**West China Coke**")	1	1
	2,388	3,055

Share of associates' tax credit for the six months ended 30 June 2017 of US$37,000 (2016: US$48,000) is included in the consolidated statement of comprehensive income as share of results of associates.

Particulars of the associates as at 30 June 2017 are as follows:

Name of associate	Country of incorporation/ continuation/ operation	Type of legal entity	Issued and fully paid share capital held in associate	Percentage of equity interest attributable to the Company		Principal activities
				Direct	Indirect	
West China Coke	The People's Republic of China	Sino-foreign Joint Venture Company	Injected capital of RMB79,910,000	—	25%	Production, processing and sale of coal, coke, gas and coal chemicals
Diabetic Boot	United Kingdom	UK Limited Liability Company	Ordinary shares of GBP 133.23	22%	—	Design, promote and production of medical products

(ii) Movement in interests in associates is summarised in the table below:

	(Unaudited) As at 30 June 2017 US$'000	(Audited) As at 31 December 2016 US$'000
As at 1 January 2017/2016	3,055	17,295
Loss on deemed disposal of Plethora Solutions Holdings plc ("**Plethora**")	—	(2,678)
Reclassification of the interest in Plethora to subsidiary (note 11)	—	(14,046)
Reclassification of interest in Diabetic Boot from available-for-sale financial assets	—	2,661
Gain from bargain purchase of Diabetic Boot	—	1,356
Impairment loss of Diabetic Boot (iii)	—	(97)
Share of results of associates	(595)	(831)
Exchange loss on translation of financial statements of associates	(72)	(605)
As at 30 June/31 December	2,388	3,055

(iii) Assessment for impairment of associates

During the six months ended 30 June 2017, Diabetic Boot's initial application for a Centers for Medicare and Medicaid Services reimbursement code ("**CMS Code**") in the US was initially rejected. However, the major shareholder has agreed to provide financial assistance to Diabetic Boot for its operations including the seeking of the CMS Code, which management believes will be granted over the next year or so. Thus the Directors determined that no provision of impairment is required (31 December 2016: US$97,000).

8. Trade payables, deposits received, accruals and other payables

As at 30 June 2017 and 31 December 2016, the ageing analysis of the trade payables, based on their invoice date, was as follows:

	(Unaudited) As at 30 June 2017 US$'000	(Audited) As at 31 December 2016 US$'000
Due within 1 month or on demand	140	98
Due after 3 months but within 6 months	154	592
More than 6 months	—	901
	294	1,591

9. Dividends

No interim dividend has been declared or paid in respect of the six months ended 30 June 2017 (2016: nil).

10. Charge on assets

As announced by the Company on 28 January 2013, 18 April 2013 and 23 August 2013 and as further explained under the sub-heading "Australian Tax" under the section headed "Review and Prospects" in this announcement, the Company received orders from the Federal Court of Australia in relation to an assessment issued by the Commissioner of Taxation (the "**COT**") in the amount of A$12.78 million following completion of the sale of its securities in BC Iron Limited ("**BCI**") for gross proceeds of A$81.61 million (the "**Assessment**" referred to below). The amount of potential Capital Gains Tax assessed was due and payable on 2 December 2013. On 7 September 2016, the Australian Taxation Office considered that capital gains tax was amended down and payable in the amount of approximately A$11.85 million.

Following consultation with the COT and pursuant to the terms of the Settlement Deed (as defined in the announcement dated 18 April 2013), the Company agreed to grant The Commonwealth of Australia, represented by the COT, a specific security deed (as amended by way of a deed of amendment dated 27 November 2013) (together, the "**Specific Security Deed**") in respect of certain of the Company's holding of 518,103,930 shares in Venturex, 10,854,568 shares in Bannerman Resources Limited and 12,700,000 shares in Tigers Realm Coal Limited, of which the aggregate market value (as at 30 June 2017) is approximately A$3.53 million (or approximately US$2.71 million), as security against the Assessment, in consideration of which the COT stayed recovery action in respect of the Assessment until the matter is resolved within the time provided for in any relevant law following the Final Determination of Objection (as defined in the announcement dated 18 April 2013).

None of the Group's other assets was pledged as at 30 June 2017 (2016: Nil).

11. Business combination

On 9 March 2016, the Group acquired the entire issued and to be issued ordinary share capital of Plethora (other than Plethora's shares held by the Group) by means of a scheme of arrangement. Plethora is a UK-based specialty pharmaceutical company dedicated to the development and marketing of products for the treatment and management of urological disorders. The acquisition was made to pursue strategic and value-led investments in the healthcare and life sciences sectors. The Group obtained control over Plethora on the date of completion of the acquisition, which was accounted for using the step acquisition method.

The fair value of identifiable assets and liabilities of Plethora as at the date of acquisition were as follows:

	US$'000	US$'000
Net assets acquired:		
Intangible asset (Fortacin™)	216,000	
Deferred tax liability	(21,600)	
Property, plant and equipment	85	
Cash and bank balances	564	
Prepayments and other receivables	742	
Accounts payable, accruals and other payables	(3,276)	
		192,515
Satisfied by:		
Fair value of consideration shares issued	(143,067)	
Fair value of 86,799,490 Plethora shares originally held by the Group (note 7(ii))	(14,046)	
Intangible assets - Sharwood promissory note	(3,376)	
Derivative financial instruments (Plethora's fundraising warrants)	(340)	
		(160,829)
Gain from bargain purchase recognised in profit or loss		31,686
Net cash inflow arising on acquisition:		
Cash and bank balances acquired		564

The Group measured Plethora's intangible asset (Fortacin™) at the acquisition date fair value to be GBP 175 million (or approximately US$216 million), which was estimated with reference to a valuation report prepared by Grant Sherman Appraisal Limited, an independent expert valuation firm. The fair value was determined by applying an income approach technique known as a discounted cash flow method with an assumed discount rate of between 15% and 18%. Other key assumptions underlying the valuation were the premature ejaculation ("**PE**") prevalence rates in Plethora's target markets (estimated at 25% or 1:4 men) and the growth rates and royalty rates in each of the five major geographic regions/markets that Fortacin™ will be marketed and sold in. The income approach is the conversion of expected periodic benefits of ownership into an indication of value. It is based on the principle that an informed buyer would pay no more for the asset than an amount equal to the present worth of anticipated future benefits (income) from the same or equivalent asset with similar risk.

The fair value of the consideration shares issued was determined by reference to the Company's share price of HK$0.08 per share at 9 March 2016. Under the scheme of arrangement, each registered Plethora shareholder received 15.7076 Regent shares in exchange for each share they held in Plethora as at 9 March 2016 (the acquisition date). In aggregate, the Company issued 13,886,781,298 new Regent shares to effect the scheme of arrangement, rendering Plethora a wholly-owned subsidiary of the Group, resulting in gain from bargain purchase of US$31,686,000, which was recognised in profit or loss for the year ended 31 December 2016.

The acquisition-related costs of approximately US$2.20 million, which comprised primarily professional and consulting fees, were charged to profit or loss for the year ended 31 December 2016.

The fair value of other receivables at the date of acquisition amounting to US$672,000 was also the gross contractual amounts of these receivables. None of the contractual cash flow of these amounts was estimated to be uncollectable.

The acquired business did not contribute any revenue for 2016 and generated a loss after tax of approximately US$23,753,000 (excluding gain from bargain purchase of US$31,686,000) to the Group for the period from 9 March 2016 to 31 December 2016.

Had the acquisition occurred on 1 January 2016, the Group's revenue and loss after tax would have been approximately US$312,000 and US$12,335,000 respectively for the year ended 31 December 2016.

This pro forma information is for illustrative purposes and is not necessarily an indication of revenue and the results of operations of the Group that actually would have been achieved had the acquisition been completed on 1 January 2016, nor is it intended to be a projection of future results.

REVIEW AND PROSPECTS

MAIN ACTIVITIES

The Group's principal activities during the period were:

- As announced on 29 March 2017, the Company successfully undertook a placing and top-up subscription with BOCI, as placing agent, and James Mellon, as vendor, pursuant to which: (i) the placing agent, as the placing agent of the vendor, procured placees to purchase 100,000,000 Shares at the placing price of HK$0.405 per Share; and (ii) the vendor subscribed for the equivalent number of Shares at the same price of HK$0.405 per Share, raising approximately HK$40.5 million, gross proceeds, and approximately HK$38.48 million, net proceeds. It was announced that the net proceeds would be used to: (i) fund the NDA process with the FDA, together with the continued commercial manufacturing scale up of Fortacin™; (ii) fund the build out of the Group's healthcare and life sciences platform by investing in further identified and unidentified investments in the sector; and (iii) in respect of the balance, provide general working capital for the Group. The placing and top-up subscription closed on 3 and 7 April 2017, respectively.

- In addition and as announced by the Company on 28 February and 28 March 2017: (i) following the UK launch, Fortacin™ can now be prescribed from a physician either in person or online via an online consultation, with prescriptions to be filled by Chemist 4 U (https://www.chemist-4-u.com/); (ii) three (3) good manufacturing practice batches of the Fortacin™ 12 dose product previously manufactured by Pharmaserve, together with a further variation application to widen the moisture levels permitted in the product during shelf life, received approval from the EMA on 23 March 2017, enabling the manufacture and release of EU commercial supplies for the launch of Fortacin™, planned by Recordati in early 2018; (iii) from April 2017, additional manufacturing process development at Pharmaserve has been undertaken with the goal of increasing the commercial batch size for Fortacin™ by approximately threefold, with a view to lowering the unit price and meet the anticipated increase in demand following the EU commercial launch in early 2018 by Recordati; and (iv) the Company, on behalf of Plethora Solutions, has formally approached the Hong Kong Department of Health indicating its intention to apply for the registration of Fortacin™ for sale as a pharmaceutical product in Hong Kong and Macau.

- In parallel with the European roll-out effort of Fortacin™, the Group has further progressed the preparation of the NDA to the FDA, and continued discussions with new potential commercial partners with regards to licencing Fortacin™ in other geographical regions.

- The successful disposal of the Group's entire interest in Condor for an aggregate consideration of approximately US$2.51 million in cash, which was a discloseable transaction of the Group.

- Maintaining and actively monitoring its existing and strategic investment in Diabetic Boot, together with the continued equity accounting of the investment.

- Maintaining and actively monitoring its existing and strategic investment in Venturex, representing approximately 22.48% of the share capital of the company as at 30 June 2017.
- As at 30 June 2017, the Company had no debt, having cash, listed and unlisted securities of US$6.22 million.
- Production of coke and related by-products at West China Coke chemical plant in Yunnan Province, China, a Sino-foreign joint venture, of which the Group holds an indirect 25% interest.
- Continuing to evaluate existing investments around their natural life cycle with a view to continuing to execute our stated and successful strategy of divesting non-core assets and investments.
- Evaluation of other investment and business development opportunities across the healthcare and life sciences sectors, in Asia and elsewhere.

Post the interim reporting period and as announced by the Company on 14 August 2017, 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 Plethora Solutions (a wholly owned subsidiary of the Company), will be eligible to receive payments of up to EUR 41 million (or approximately US$48.20 million) plus royalties after hitting certain milestones related to the Continental European roll-out. Specifically, Plethora Solutions will be eligible to receive:

- A payment of EUR 4 million (or approximately US$4.70 million) on the effective date of the amended out-licence agreement;
- A payment of up to EUR 4 million (or approximately US$4.70 million) in total upon first commercial sales of the Fortacin™ product in France, Germany, Italy, Spain and Portugal (EUR 800,000 (or approximately US$940,000) for each of these 5 countries);
- A possible payment of up to EUR 8 million (or approximately US$9.40 million) in total, dependent on the net sales achieved by Recordati in the first 3 years of sales;
- Up to EUR 25 million (or approximately US$29.39 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.

For further details relating to the proposed amendments to the previous agreement, shareholders and investors should refer to the section entitled "Summary of proposed amendments to the previous agreement", which appears below within this announcement.

FINANCIAL RESULTS

The Group reported a loss attributable to shareholders of the Company for the six months ended 30 June 2017 of US$19.02 million (2016: profit of US$15.96 million).

Shareholders' equity decreased by 7.81% to US$167.20 million as at 30 June 2017 from US$181.37 million as at 31 December 2016.

We are in a financial position with no debt, having cash, listed and unlisted securities of US$6.22 million as at 30 June 2017.

Divestments

During the period, the Group has continued to evaluate existing investments around their natural life cycle with a view to further executing our stated and successful strategy of divesting non-core assets and investments.

In particular, the Group successfully disposed of its entire interest in Condor for an aggregate consideration of approximately US$2.51 million in cash, which was a discloseable transaction of the Group, thereby realising a loss on disposal of approximately US$18,000 for the six months ended 30 June 2017.

The Company will continue with its stated and successful strategy of divesting non-core assets and investments and the market will be informed of any significant divestments as and when they arise.

Plethora Solutions Holdings plc

Highlights

- Fortacin™ was launched in the UK in November 2016 and can now be prescribed from a physician either in person or online via an online consultation, with prescriptions to be filled by Chemist 4 U (https://www.chemist-4-u.com/).
- Three (3) good manufacturing practice batches of the Fortacin™ 12 dose product previously manufactured by Pharmaserve, together with a further variation application to widen the moisture levels permitted in the product during shelf life, received approval from the EMA on 23 March 2017, enabling the manufacture and release of the EU commercial supplies for launch of Fortacin™, planned by Recordati in early 2018.
- From April 2017, additional manufacturing process development at Pharmaserve has commenced with a 300 litre commercial scale up with the goal of increasing the commercial batch size for Fortacin™ by approximately threefold, with a view to lowering the unit price and meeting the anticipated increase in demand following the EU commercial launch in early 2018 by Recordati.

- The Company, on behalf of Plethora Solutions, has formally approached the Hong Kong Department of Health indicating its intention to apply for the registration of Fortacin™ for sale as a pharmaceutical product in Hong Kong and Macau.
- Preparations for the filing of the NDA with the FDA.
- Discussions with new potential licencing partners for Fortacin™ in other geographical regions at an advanced stage.
- For the six months ended 30 June 2017, Plethora made a loss of GBP 1.37 million (2016: GBP 3.20 million), excluding the amortisation cost of an intangible asset Fortacin™ and the tax credit in respect of the deferred tax liability.

Operations Update

Starting in Q2 2017, additional manufacturing process development work has been completed at Pharmaserve, with the goal of increasing the commercial batch size for Fortacin™ by approximately threefold through a 300 litre commercial scale up.

- It is anticipated that 3 Good Manufacturing Practice ("**GMP**") batches of the 12 dose product will be manufactured on the commercial manufacturing line at the new batch size in Q3 2017.
- Stability studies will be initiated, with the aim of completing the necessary regulatory submission to the EMA in Q1 2018 to register the new batch size.
- The increased number of units produced per batch will offer benefits of a lower unit price and enable the anticipated increase in demand following the EU commercial launch by Recordati to be met.

During the period, additional stability data has been generated on the 3 GMP batches of the 12 dose product.

- 12 months of stability data is now available and data at the 18 month time point, the end of the registered shelf life, will be generated during Q3 2017;
- A variation application to widen the moisture levels permitted in the 12 dose product during shelf life received approval from EMA on 23 March 2017;
- A further variation application to EMA to amend the limits applied during manufacture of the finished product received approval on 26 June 2017; and
- These activities will enable manufacture and release of EU commercial supplies for launch of Fortacin™ by Recordati in early 2018.

Subsequent to the launch of Fortacin™ in the UK in November 2016, the 12 dose pack size of Fortacin™ is now available via the prescription supply chain with JJS Pharma (UK) Limited, UK ("**JJS Pharma**") and Innox Trading Limited, UK ("**Innox**"). Furthermore, from 21 August 2017 Fortacin™ is now registered on the National Health Service (NHS) prescribing system.

- Males suffering from PE in the UK can now seek a prescription from their physician and these prescriptions will be filled by Doctor 4 U online; and
- Patients are now able to go direct via the web-site Doctor 4 U where Fortacin™ is listed and can be prescribed after an online consultation.

Plethora, through its UK distributor being JJS Pharma/Innox, has sold 262 units of Fortacin™ with no marketing or promotional spend. The primary reason for the launch of Fortacin™ in the UK market by Plethora was to preserve the Marketing Authorisation from lapsing in November 2016. The UK market is Recordati's territory and we expect as Recordati rolls out the launch of Fortacin™ in Europe, it will eventually take over responsibility for the UK distribution including marketing and sales from Plethora.

Good progress has been made regarding the registration of Fortacin™ for sale as a pharmaceutical product in Hong Kong for and on behalf of Plethora with Macau to be added as well. The Company has identified a local distribution partner and expects to work with its regulatory consultants in order to complete preparation of the application to the Hong Kong Department of Health.

The Group continues to focus on out-licensing of Fortacin™ in other major territories outside of the EU such as the Asia and Pacific (APAC), Middle East, Latin America, North America and Sub-Sahara Africa; discussions with potential strategic partners remain ongoing. Product development activities (e.g. stability studies) are continuing which, together with the EU Marketing Authorisation, will be pivotal to support registration of the 12 dose product in these regions.

A meeting with the FDA is scheduled for Q3 2017 to discuss the remaining issues related to the final development stages of the Fortacin™ NDA. FDA guidance will allow a clearer regulatory submissions pathway to be defined for approval of the NDA by the FDA.

Summary of proposed amendments to the previous agreement

A summary of the proposed material changes made to the previous agreement is set out below.

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 Plethora 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 Plethora Solutions would receive EUR 6 million (or approximately US$7.05 million) ("**Development Payment**"). The proposed amendments to the previous agreement provide that Plethora Solutions shall now receive EUR 4 million (or approximately US$4.70 million) promptly after signing the amended and restated licence agreement.

Whereas previously it was agreed that Plethora Solutions would receive a total of EUR 10 million (or approximately US$11.76 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 EUR 4 million (or approximately US$4.70 million) will be due in this event. Based on the previous agreement, Plethora Solutions would have received EUR 16 million (or approximately US$18.81 million) in respect of the Development Payment and the Launch Payments, but pursuant to the proposed amendments, it is expected that Plethora Solutions will now receive EUR 8 million (or approximately US$9.40 million) leaving an EUR 8 million (or approximately US$9.40 million) shortfall ("**Clawback**"). Should ultimate agreement be reached, the Clawback can be received by Plethora 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 Plethora Solutions would receive payments of up to EUR 25 million (or approximately US$29.39 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 EUR 15.6 million (or approximately US$18.34 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

Recordati has informed Plethora 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 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.

Trading Update for the Six Months to 30 June 2017

Plethora recorded an operating loss of GBP 1.37 million for the six months ended 30 June 2017 (2016: GBP 3.20 million).

The operating loss for the six months ended 30 June 2017 included R&D costs related to the regulatory development of Fortacin™ of GBP 1.02 million (2016: GBP 1.63 million) and administrative expenses of GBP 0.22 million (2016: GBP 2.38 million).

Underlying R&D costs and administrative expenses for the six months ended 30 June 2017 were slightly higher than the Board's expectations as manufacturing activities start to pick up with placebo manufacture for the 008 NDA study in the US and process validation batches/scale up.

On the basis that all R&D expenditure is expensed, there were no significant balance sheet movements to comment upon during the six months ended 30 June 2017. As at 30 June 2017, Plethora had cash resources of GBP 30,000 (31 December 2016: GBP 156,000).

The Diabetic Boot Company Limited

During the period ended 30 June 2017, Diabetic Boot commenced commercialisation of its key product PulseFlowDF directly in the US and through distributors in a number of other countries. The product has now proven to be reliable, well received by doctors and the clinical outcomes of the patients has been overwhelmingly positive. However, failing to attain the CMS Code in the US meant rapid market penetration has proved challenging, however, the company will continue to seek approval for the CMS Code.

The company is currently undertaking a strategic review of the distribution channels in order to determine the most appropriate path forward to increase market penetration and sales volumes to drive the company towards profitability.

Venturex Resources Limited

The Company actively monitored and maintained its strategic position in Venturex, representing approximately 22.48% of its issued share capital, which for the six months ended 30 June 2017, has registered a marked to market loss of approximately 33.41%.

During the first half of 2017, Venturex identified a number of significant new exploration opportunities with the potential to grow the existing resource inventory at its 100%-owned Sulphur Springs Copper-Zinc Project, located in the Pilbara region of Western Australia.

The new drilling targets were identified as part of an ongoing exploration program at Sulphur Springs, which is being progressed in parallel with the company's development strategy for its planned copper-zinc project.

In February 2017, Venturex released the results of a Value Engineering Study on Sulphur Springs which demonstrated that the Project represents a robust development opportunity with compelling economics.

The Base case economics of the project are as follows:

- Project to deliver 32,000 tpa zinc, 12,000 tpa copper over 12 years
- Pre-tax NPV 8% of A$338 million and 52% IRR at study prices
- Peak Cash Draw of A$183 million
- Forecast life-of-mine pre-tax cash-flow of A$601 million; 1.6 year capital pay-back
- C1 cost US$0.14/lb payable zinc
- Excellent exposure to strengthening zinc and copper prices
- Further opportunities to add value through exploration

Venturex has also embarked on a work program that includes confirmatory drilling and metallurgical test work on the high grade, near-surface inferred supergene copper resource identified in the 2016 Sulphur Springs Resource report, updating of existing environmental permits, and identifying funding options for the project. With respect to environmental regulations, the company has recently announced that it has received a judgement from the Western Australia Environmental Protection Authority ("**EPA**") regarding the required permitting pathway for the Sulphur Springs project. The EPA has made a decision to formally assess the project at the level of "Environmental Review – No public comment". Importantly, this means that the level of assessment required to proceed with the project will not include a formal public environmental review, therefore reducing the timeframes required for final approval.

Venturex plans to make a decision to commit to the Sulphur Springs development and have funding in place during the first half of 2018, which could see the project in production from the middle of 2019. The current exploration program is aimed at extending the existing resource in a number of areas and will draw on existing in-house technical and corporate expertise.

AUSTRALIAN TAX

As has been previously disclosed, the Company is currently in dispute with the Australian tax authorities in connection with a disposal by the Group of an investment in BCI, a company listed on the Australian Securities Exchange. The Australian Taxation Office considered that capital gains tax was payable in the amount of approximately A$11,845,454 (as amended down by way of an amended assessment on 7 September 2016 so as to include some additional costs associated with the Group's investment in BCI), which excludes interest that has accrued on this amount since 2 December 2013 (which, as at 6 July 2017, was approximately A$4.67 million). On 24 January 2013, the Company received orders from the Federal Court of Australia in relation to a notice of assessment issued by the Assessment, which stated that the tax was due and payable on 2 December 2013 and provided that the Company could not remove from Australia or dispose of, deal with or diminish the value of its assets in Australia up to the unencumbered value of the amount assessed.

Following orders from the Federal Court of Australia, the Company has granted a specific security deed to the Commonwealth of Australia in respect of certain of the Company's holding of 518,103,930 shares in Venturex Resources Limited, 10,854,568 shares in Bannerman Resources Limited and 12,700,000 shares in Tigers Realm Coal Limited, of which the aggregate market value (as at 30 June 2017) is approximately A$3.53 million (or approximately US$2.71 million) as security against the Assessment. In consideration for granting this security, the Commissioner of Taxation stayed recovery action in respect of the Assessment until the matter is resolved.

The Company has received independent tax advice that, based on a valuation of BCI's real property (including mining tenements) and non-real property assets, the Company has a basis for challenging the assessment in its entirety and, accordingly, there is no longer a provision in the Company's financial statements relating to this dispute. The Company has shared its independent tax advice with the Commissioner of Taxation. The Company has received a copy of a report produced by an external consultant for the Commissioner of Taxation and understands that there are a number of matters of material disagreement, or on which a materially different view is held, between the Commissioner of Taxation's external consultant and the Company and its Australian tax advisers.

As previously disclosed, the Company had envisaged entering into a formal dispute resolution process with the Commissioner of Taxation. This process has now taken place, and the parties have, to date, been unable to reach agreement as to an appropriate way in which to resolve the matter, culminating in the Commissioner of Taxation determining the Company's previously lodged objection against it on 1 September 2016. The Company's position has not changed and it remains resolute in that it will continue to challenge the assessment in its entirety, consistent with expert and independent Australian advice received throughout, and has lodged an appeal against the Commissioner of Taxation's determination of the objection in the Australian Federal Court. While a trial date has not yet been set, the matter is now set to be litigated through the Australian court system. The Company is continuing to take advice as to the next appropriate steps from its Australian advisers. The aforementioned security over the above mentioned Australian securities held by the Company, previously granted to the Commissioner of Taxation, remains.

INTERIM DIVIDEND

The Directors have resolved not to declare an interim dividend in respect of the six months ended 30 June 2017.

OUTLOOK

The Group's healthcare and life sciences investments remain its core focus and the Company is excited about the prospects of investments in this sector.

The Group's goal is to bring Fortacin™ to men across the world through our commercial strategic partners and, in doing so, create substantial returns for our shareholders. The Group celebrated its latest major milestone with the commercial launch of Fortacin™ in the United Kingdom in November 2016. Regent aims to roll-out additional commercialisation of Fortacin™ across Europe in early 2018 and thereafter in Asia Pacific, North America and Latin America. The Company has also formally approached the Hong Kong Department of Health and indicated its intention to apply to register Fortacin™ for sale as a pharmaceutical product in Hong Kong with Macau following suit.

Regent's ongoing efforts to commercialise Fortacin™ incurred costs that inevitably weighed down profits for the first half of the year. However, the Group's out-licencing agreement with its commercial partner Recordati, who will support the commercial roll-out of Fortacin™ in Europe, looks set to create a steady stream of income through royalty payments for Regent in the years to come. Looking ahead, we will continue to work diligently with our existing and future partners under a similar business model, with a view to optimising the Group's profits.

In the healthcare and life sciences sector, the Company remains invested in Diabetic Boot, holding approximately 22%. We continue to closely monitor the performance of Diabetic Boot against its stated business plan and US roll-out efforts and will assess further investment opportunities carefully against demonstrated performance.

During the period concerned, the Group continued with its divestment programme and progressed the transformation of its investment focus by divesting non-core, legacy investments in natural resources. The Group's interest in Condor was completely disposed of. This divestment resulted in aggregate consideration of approximately US$2.51 million in cash, which was a discloseable transaction of the Group.

The Group's existing and legacy investments in natural resources (which are non-core and are the focus of its existing divestment programme) showed signs of stabilisation following a weaker commodity price environment. The Group's exposure to gold and other precious metals was buoyed by global economic conditions. The Company has a positive outlook for these investments in the coming period.

Thanks to our strong balance sheet and core focus, we are well positioned to fully deliver on our strategy. The Group remains focused on pursuing strategic and value-led investments in the health care and life sciences sectors. With a targeted approach and a sensible capital structure, the Group is excited and optimistic about its future prospects. With this in mind, it will continue to progress the global commercialisation of Fortacin™ as swiftly as possible across Europe, North America, Latin America and Asia Pacific.

TRADING RECORD OVER LAST FIVE YEARS

	Six months ended 30 June	Year ended 31 December				
	2017	2016	2015	2014	2013	2012
	US$'000	US$'000	US$'000	US$'000	US$'000	US$'000
Total income	(1,473)	3,436	(5,685)	(11,007)	(16,024)	(885)
Income less expenses before impairment losses and provision	(19,813)	(31,902)	(14,715)	(17,738)	(29,930)	(20,895)
Reversal of impairment	—	364	1,386	250	—	—
Impairment losses	—	—	(194)	(267)	(1,710)	(16,024)
Operating loss	(19,813)	(31,538)	(13,523)	(17,755)	(31,640)	(36,919)
Gain on disposal of the Ji Ri Ga Lang Coal Project	—	—	—	—	—	4,409
Gain on disposal of an associate	—	—	8,938	—	—	—
Loss on deemed disposal of associate(s)	—	(5,805)	(3,560)	(6,017)	—	—
Impairment loss on interest in an associate	—	(97)	—	—	—	—
Gain from bargain purchase of an associate	—	1,356	—	25,809	—	—
Gain from bargain purchase of a subsidiary	—	31,686	—	—	—	—
Share of results of associates	(595)	(831)	(1,193)	(10,604)	(420)	(1,430)
Loss before taxation	(20,408)	(5,229)	(9,338)	(8,567)	(32,060)	(33,940)
Tax credit/(expense)	1,391	2,765	—	—	6,334	(11,084)
Loss for the period/year	(19,017)	(2,464)	(9,338)	(8,567)	(25,726)	(45,024)
Non-controlling interests	2	4	5	4	90	170
Loss attributable to shareholders of the Company	(19,015)	(2,460)	(9,333)	(8,563)	(25,636)	(44,854)

MANAGEMENT'S DISCUSSION AND ANALYSIS OF THE GROUP'S PERFORMANCE

Revenue and Profit

The Group recorded a loss attributable to the shareholders of the Company of US$19.02 million for the six months ended 30 June 2017 (2016: profit of US$15.96 million).

The Group (revenue and fair value (loss)/gain on financial instruments) recorded a loss of US$1.47 million for the six months ended 30 June 2017 (2016: profit of US$3.53 million).

The Group's associate, Diabetic Boot, contributed a share of loss of US$0.60 million for the six months ended 30 June 2017.

The main elements of the loss are analysed as follows:

	US$ (million)
Amortisation of an intangible asset, Fortacin™	(13.91)
Research and development expenses incurred by Plethora	(1.29)
Fair value loss on financial instruments	(1.35)
Other/Office general and administrative expenses	(2.47)
Total loss attributable to shareholders of the Company	(19.02)

Financial Position

Shareholders' equity decreased by 7.81% to US$167.20 million as at 30 June 2017 from US$181.37 million as at 31 December 2016. The decrease was mainly due to: (i) the net loss attributable to shareholders of the Company of US$19.02 million for the six months ended 30 June 2017; and (ii) the decrease of foreign currency exchange reserve of US$0.10 million, and this was offset against: (iii) the increase of share capital and share premium of US$4.95 million by issuing shares through a placing and top-up subscription.

The investment in Diabetic Boot of US$2.39 million accounted for 1.43% of shareholders' equity. The Group's assets comprised: (i) an intangible asset (Fortacin™) of US$179.27 million; (ii) cash of US$1.50 million; (iii) listed and unlisted investments of US$4.71 million; (iv) derivative financial instruments of US$0.19 million; and (v) other assets and receivables of US$0.66 million.

The Group's liabilities comprised: (i) deferred tax liabilities of US$17.93 million; and (ii) payable and accruals of US$3.70 million.

Strategic Plan

The Board and the Company's senior management play an active role in the Company's strategy development and planning process. The Chief Executive Officer regularly interacts with the Board in respect of the strategic plan and direction of the Company, during which meetings the Chief Executive Officer seeks and is provided input in respect of the proposed priorities and initiatives previously discussed and agreed with senior management, aiming at developing an agreed approach for the Company to generate and preserve its long-term value, while agreeing shorter term priorities and objectives. In addition, the risks associated with the current operations and strategy of the Company are currently being tested by way of an internal audit process conducted through an independent service provider, with the aim of identifying ways in which the Company can better identify and manage its risks.

In order to generate or preserve value over the longer term, the Group is committed to:

- divesting of non-core assets and investments to enable the Company to pursue growth and opportunistic investments in the life sciences sector;
- leverage off our expert international and local teams to tackle difficult markets, deliver results and achieve global recognition; and
- utilise the Company's Hong Kong listing through strong liquidity and access to international capital markets, together with maintaining our corporate governance and social responsibility standards in line with the policies set down by the HK Stock Exchange and best practice.

The Company is committed to creating shareholders' value and returns through accretive acquisitions and returning surplus capital to shareholders by way of an effective dividend policy and share repurchase programme.

Funding

As at 30 June 2017, the Group held cash of US$1.50 million, representing 0.90% of shareholders' equity. The cash amounts do not take into account the Group's holding of securities of financial assets at fair value through profit or loss that amounted to US$2.99 million as valued at 30 June 2017.

Gearing Ratio

No gearing ratio (being long term debts over total equity and long term debts) is calculated as there was no long term debt as at 30 June 2017 and 31 December 2016.

Management of Risk

The most significant risks affecting the profitability and viability in respect of the Group are the performance of its investment portfolio and to a lesser extent the Group's interest in Plethora.

Charge on Assets

Save as those disclosed in note 10 and as further explained under the sub-heading "Australian Tax" under the section headed "Review and Prospects" in this announcement, the Group had no other charges on assets at 30 June 2017.

Financial Instruments

The Group will operate both equity market and currency hedges from time to time. Investment is carefully controlled, in accordance with parameters set by the Board, in short term situations where physical assets may be inappropriate. There is strict segregation between the investment management and settlement functions.

In terms of the total operations of the Group, activities of this nature are not significant.

Contingent Liabilities

Save as those disclosed in note 10 and the paragraph headed "Australian Tax" under "Review and Prospects", the Group had no other material contingent liabilities at 30 June 2017.

Employees

The Group, including subsidiaries but excluding associates, employed approximately 19 employees at 30 June 2017. The remuneration policy is to reward key employees by a combination of salaries, profit related discretionary bonuses and share options and share awards, where appropriate. For employees below Board level, remuneration will be determined by the Director(s) responsible for the division whilst, for Directors, remuneration is determined by the Remuneration Committee of the Board (the "**Remuneration Committee**"). In all cases, profit related discretionary bonuses and grants of share rewards will be agreed by the Remuneration Committee of the Board.

INTERIM DIVIDEND

The Directors have resolved not to declare an interim dividend in respect of the six months ended 30 June 2017.

THE CORPORATE GOVERNANCE CODE

The Company is committed to a high standard of corporate governance, for which the Directors are accountable to the Company, and has applied the principles of The Corporate Governance Code (the "**CG Code**") in a manner consistent with best practices of a listed issuer. The primary responsibility for performing the corporate governance functions for the Company, as referred to in the terms of reference set out in Code Provision D.3.1 of the CG Code, rests with the Board, with the full support of the Company's secretary and its executive management.

The Company continues to monitor developments in this area of corporate governance as they relate to listed issuers in Hong Kong.

As far as the Directors are aware, the Company has complied with the code provisions set out in the CG Code during the six months ended 30 June 2017 and prior to the date of this announcement.

In compliance with Code Provision A.3.2 of the CG Code, details of the composition of the various committees of the Board are available from the "List of Directors" on the websites of the Company (*www.regentpac.com*) and the HK Stock Exchange (*www.hkexnews.hk*).

REVIEW BY THE AUDIT COMMITTEE

The interim financial report of the Company for the six months ended 30 June 2017 has been reviewed by the audit committee of the Company (the "**Audit Committee**").

The Audit Committee was established on 11 March 1999 with its specific written terms of reference which deal with its authority and duties. Its terms of reference were subsequently amended in order to incorporate the amendments made from time to time to the relevant code provisions of the former Code on Corporate Governance Practices and were recently amended on 17 April 2015 in order to comply with the code provisions in the CG Code relevant to risk management and internal control systems, which were designated to take effect on 1 January 2016. The committee's purpose is to assist the Board in:

(i) providing an independent review of the effectiveness of the Company's financial reporting process;

(ii) evaluating and determining the nature and extent of the risks the Board is willing to take in achieving the Company's strategic objectives and ensuring that the Company establishes and maintains appropriate and effective risk management and internal control systems; and

(iii) overseeing the audit process and performing other duties and responsibilities as assigned by the Board.

In compliance with Rule 3.21 of the HK Listing Rules, the Audit Committee currently comprises the Non-Executive Chairman of the Board (James Mellon) and two Independent Non-Executive Directors, namely Julie Oates and Mark Searle. The committee is chaired by Julie Oates, who has the appropriate professional qualifications and accounting and related financial management expertise required under Rule 3.10(2).

The Audit Committee discharged their duties in accordance with their terms of reference with no exceptions reported.

In compliance with Code Provision C.3.4 of the CG Code, the terms of reference of the Audit Committee are available on the websites of the Company (*www.regentpac.com*) and the HK Stock Exchange (*www.hkexnews.hk*).

PURCHASE, SALE AND REDEMPTION OF LISTED SECURITIES

A general mandate was granted to the Directors at the Company's annual general meeting held on 8 June 2016 to repurchase, on the HK Stock Exchange, as adjusted for the 10 for 1 share consolidation taking effect on 10 June 2016, shares up to a maximum of 173,725,118 shares (the "**2016 Repurchase Mandate**"). Since 8 June 2016, no shares were repurchased by the Company on the HK Stock Exchange pursuant to the 2016 Repurchase Mandate.

The 2016 Repurchase Mandate expired upon close of the Company's annual general meeting held on 2 June 2017, at which a new general mandate was granted to the Directors to repurchase, on the HK Stock Exchange, shares up to a maximum of 183,725,118 shares (the "**2017 Repurchase Mandate**"). Since 2 June 2017 and prior to the date of this announcement, no shares were repurchased by the Company on the HK Stock Exchange pursuant to the 2017 Repurchase Mandate.

Save for the above, the Company or its subsidiaries did not purchase, sell or redeem any of their listed securities, whether on the HK Stock Exchange or otherwise, during the six months ended 30 June 2017 or subsequent to the period end date and prior to the date of this announcement.

PUBLICATION ON WEBSITES

This announcement is published on the websites of the Company (*www.regentpac.com*) and the HK Stock Exchange (*www.hkexnews.hk*).

DESPATCH OF INTERIM REPORT

The interim report containing full details of the Company's unaudited results for the six months ended 30 June 2017 will be despatched to all its shareholders and be published on the aforesaid websites before 30 September 2017.

On Behalf of the Board of
Regent Pacific Group Limited

James Mellon
Chairman

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, 25 August 2017