



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

Stock Code: 0575

7 August 2020

## ANNOUNCEMENT



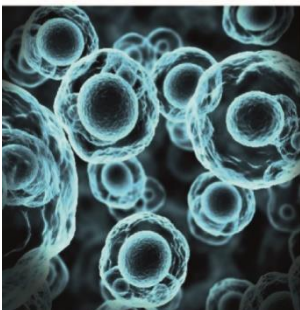
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## PROFIT WARNING

This announcement is made by Regent Pacific Group Limited (the “**Company**” and collectively with its subsidiaries, the “**Group**”) in compliance with the disclosure requirements under Rule 13.09 of The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (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 (the “**Directors**” or the “**Board**”) of the Company wish to inform the shareholders of the Company and potential investors that based on the preliminary assessment of the information currently available to the Board, they expect that the Group will record a loss attributable to the equity holders of the Company for the six-month period ended 30 June 2020 of between US\$27 million (or approximately HK\$210.60 million) to US\$30 million (or approximately HK\$234 million), as compared to a loss attributable to the equity holders of the Company of US\$23.30 million (or approximately HK\$181.74 million) for the corresponding period in 2019.



The above-mentioned increase in the loss for the six-month period ended 30 June 2020 as compared to the corresponding period last year is mainly attributable to:



- (i) The preliminary estimated impairment loss on the fair value (“**FV**”) of an intangible asset, being Fortacin™, a non-cash item, of approximately US\$13.3 million (or approximately HK\$103.74 million) for the six months ended 30 June 2020 (2019: nil),

The breakdown of the impairment loss on the FV of Fortacin™ is provided below:

	Increase/(decrease) US\$ million
F.V. decrease in the European market	(22.03)
F.V. decrease in the United States market	(3.21)
F.V. increase in the PRC market	1.06
Others	0.22
Decrease in F.V. of Fortacin™	<u>(23.96)</u>
Amortisation of Fortacin™ in 1H 2020	10.66
Impairment loss on F.V of Fortacin™	<u><u>(13.30)</u></u>

which has resulted from an independent review; and

- (ii) The unrealised marked-to-market loss of approximately US\$1.10 million (or approximately US\$8.58 million) in respect of the Company’s equity portfolio of financial assets at fair value through profit or loss for the six months ended 30 June 2020 being higher than in the corresponding period last year (2019: gain of US\$0.61 million (or approximately HK\$4.76 million)); while the increase in loss was offset by:
- (iii) No further provisioning of Australian capital gains tax for the six months ended 30 June 2020 being required (2019: US\$6.67 million (or approximately HK\$52.03 million));
- (iv) Research and development expenses relating to the Phase II validation study that is being conducted in the United States of approximately US\$1.15 million (or approximately HK\$8.97 million) recorded for the six months ended 30 June 2020 being lower than in the corresponding period last year (2019: US\$1.69 million (or approximately HK\$13.18 million)); and
- (v) The amortisation of intangible asset (Fortacin™) of approximately US\$10.66 million (or approximately HK\$83.15 million) recorded for the six months ended 30 June 2020 being lower than in the corresponding period last year (2019: US\$13.91 million (or approximately HK\$108.50 million)).

All other items making up the loss for the six months ended 30 June 2020 were similar to last year. Recordati S.p.A. (“**Recordati**”) has informed the Group that during the first quarter of 2020 it saw the onset of the COVID-19 pandemic in all geographical areas in which Recordati operates. As we all know, restrictions were imposed on the movement of people, transport, production and commerce, some of which were in place in certain of its countries in which it operates. While Recordati’s pharmaceutical operations were allowed to continue in order to ensure the availability of drugs for patients, all its affiliates had to cease activities engaged by their sales representatives during the ‘lock down’, with such activities now going back to normality. While complying with all the measures necessary to ensure the health and safety of its employees, Recordati did not interrupt its production and distribution activities and adopted all necessary measures to guarantee the continued availability on the market of its products. However, in respect of the impairment loss of the European market, this was mainly related to the decrease in the royalty income received from Recordati which is due to the cessation of activities by Recordati’s sales representatives and the fact that patients stopped visiting their physician while ‘lock down’ was in place. .

The financial period concluded on 30 June 2020 and, consequently, the Company is still in the process of finalising the Group’s interim results. The information contained in this announcement is only an initial assessment by the Directors based on a preliminary review of the currently available and unaudited management accounts and is not based on any financial data or information that has been reviewed by the Group’s auditor. The Company will publish its unaudited interim results for the six-month period ended 30 June 2020 as soon as practicable, but not later than 31 August 2020.

**Shareholders of the Company and potential investors are advised to exercise caution when dealing in the shares of the Company.**

Note: Unless otherwise specified herein, the amounts dominated into 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  
*Executive Director*

**Directors of the Company:**

James Mellon (*Chairman*)\*

Jamie Gibson (*Chief Executive Officer*)

David Comba<sup>#</sup>

Julie Oates<sup>#</sup>

Mark Searle<sup>#</sup>

Jayne Sutcliffe\*

\* *Non-Executive Directors*

# *Independent Non-Executive Directors*

Hong Kong, 7 August 2020