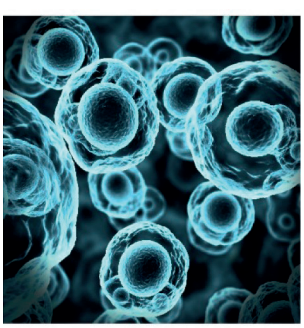
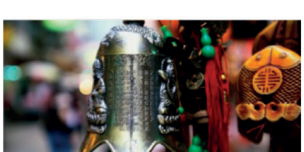
REGENT PACIFIC GROUP LIMITED





(Incorporated in the Cayman Islands with Limited Liability)

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ANNOUNCEMENT

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AUDITED FINAL RESULTS FOR THE YEAR ENDED 31 DECEMBER 2016

Financial Highlights

- Strong balance sheet, with cash balances and securities of FAFVPL standing at approximately US$7.68 million
- Shareholders' equity amounted to US$181.37 million, up 364.10% year-on-year
- Profit attributable to equity holders of US$15.96 million was recorded for 2016 1H; versus a loss of US$2.46 million for the full year

Key Developments

- Major milestones achieved with the successful acquisition of Plethora and launch of the landmark PE product Fortacin™ in the UK in November 2016, to be closely followed by the European launch in late 2017
- Disposal of legacy investments in natural resources, including Endeavour and Binary, resulting in a net realised gain of US$0.53 million
- The Group continues to pursue the commercialisation of Fortacin™ in additional key markets in Asia Pacific, North America and Latin America
- The Group also remains focused on implementing its strategy of seeking value-led investments in the healthcare and life sciences sector

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CHAIRMAN'S STATEMENT

While 2016 was another challenging year for the global economy, it was an exciting one for the Group and our shareholders. I am pleased to report the Group's results for the year ended 31 December 2016.

Financial Highlights and Review

The Group's balance sheet remains strong with cash balances and securities of financial assets at fair value through profit or loss ("**FAFVPL**") standing at approximately US$7.68 million, with no external debt. Our net asset value per share was US cents 10.44 (HK cents 81.01) at the end of 2016.

Shareholders' equity was US$181.37 million as at 31 December 2016, an increase of 364.10% when compared to 31 December 2015, with the increase mainly attributable to the acquisition of Plethora Solutions Holdings plc ("**Plethora**") by issuing approximately 13.89 billion new Regent shares with a market value of approximately US$143.07 million.

The Group recorded a loss attributable to our equity holders of US$2.46 million for the year ended 31 December 2016. This was largely due to: (i) an amortisation charge of US$22.89 million on the intangible asset, mainly being Fortacin™, a non-cash item; (ii) operating expenses of US$12.45 million; and (iii) the loss on deemed disposal of Plethora of US$5.81 million. The loss was offset in part by: (iv) the gain from bargain purchase on the acquisition of Plethora of US$31.69 million; and (v) a marked-to-market gain of US$2.87 million in respect of the Company's equity portfolio of FAFVPL.

Notwithstanding there was a profit attributable to our equity holders of US$15.96 million for the first half of 2016, the Group ultimately recorded a loss attributable to shareholders of US$2.46 million (significantly lower than the loss of approximately US$9.33 million for the corresponding year in 2015), which was mainly attributable to: (i) the amortisation cost of US$14.14 million of Fortacin™, a non-cash item; and (ii) the development and commercialisation expenses of US$1.82 million relating to the launch of Fortacin™, incurred in the second half of 2016.

The Group's portfolio of FAFVPL incurred a realised and unrealised gain of approximately US$3.05 million for the year ended 31 December 2016, which was a result of the continuing rebound of commodity prices. The total value of our portfolio of FAFVPL was approximately US$7.39 million as at 31 December 2016, down from approximately US$8.15 million in 2015.

Healthcare and Life Sciences Focus

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 successful acquisition of Plethora and its landmark premature ejaculation ("**PE**") product Fortacin™ in 2016 was transformational for Regent as it continues to shift its investment focus to healthcare and life sciences.

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 late 2017 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.

Regent's ongoing efforts to commercialise Fortacin™ incurred costs that inevitably weighed down profits last year, particularly in the second half. However, the Group's out-licencing agreement with commercial partner Recordati S.p.A. ("**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 also increased its strategic position in The Diabetic Boot Company Limited ("**Diabetic Boot**") by investing GBP 1 million (or approximately US$1.45 million) for 43,478 new ordinary shares and 21,739 fundraising warrants in 2016, growing the Group's interest in Diabetic Boot to approximately 23.04%. Our shareholding was then diluted to 22% following the subsequent issue of new ordinary shares by way of a further placement to third parties by Diabetic Boot.

Other Existing Investments

During the year ended 31 December 2016, 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 interests in Binary Limited ("**Binary**") and Endeavour Mining Corporation ("**Endeavour**") were completely disposed of. These divestments resulted in a net realised gain of US$0.53 million. In addition, all of the Group's interests in Condor Gold plc ("**Condor**") were also disposed of in early 2017.

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 year.

Outlook

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.

On behalf of the Board, I want to thank our shareholders for their continued support and our employees for all their hard work.

PERFORMANCE OVERVIEW

Jamie Gibson, CEO of Regent said, *"2016 was a milestone year for Regent Pacific. The acquisition of Plethora and the maiden launch of its landmark product Fortacin™ in the United Kingdom were remarkable successes and important steps in the shift of our investment focus to healthcare and life sciences. We are now targeting investments that genuinely enhance patient quality of life.*

We are well positioned to forge ahead with our healthcare strategy this year, seeking to build a late stage value-led portfolio that taps into exciting growth markets and creates real value for shareholders. The global commercialisation of Fortacin™ will also continue, generating long-term recurring royalty revenues from our commercial sales partners and fuelling the Group's future growth."

A summary of the financial performance and other notable events for 2016 include:

- Shareholders' equity of US$181.37 million, an increase of approximately 364.10% as compared at 31 December 2015, with the increase being mainly attributable to the acquisition of Plethora by issuing approximately 13.89 billion new Regent shares as consideration with a market value of approximately US$143.07 million.

- As at 31 December 2016, the Company had no debt, having cash, listed and unlisted securities of US$9.40 million.

- A loss attributable to shareholders of the Company of US$2.46 million, which was mainly attributable to: (i) an amortisation charge of US$22.89 million on the intangible asset, mainly being Fortacin™, a non-cash item; (ii) the operating expenses of US$12.45 million; and (iii) loss on deemed disposal of Plethora of US$5.81 million; while being offset somewhat by: (iv) the gain from bargain purchase on the acquisition of Plethora of US$31.69 million; and (v) a marked-to-market gain of US$2.87 million in respect of the Company's equity portfolio of FAFVPL.

- As has been publicly announced, all requisite approvals for the acquisition of Plethora were duly obtained and the scheme of arrangement became effective on 9 March 2016, rendering Plethora now a wholly-owned subsidiary of the Company.

- Following the successful acquisition of Plethora, the European Medicines Agency approved the Company's Type IB variation for the reduced dose can (not less than 12 doses/can) on 17 May 2016, which approval also included the addition of Pharmaserve (North West) Limited as an alternative European Union located manufacturer of Fortacin™, further particulars of which were set out in the Company's announcement on 19 May 2016. This approval paved the way for the commercial launch of Fortacin™ in the United Kingdom, announced on 11 November 2016, and will further facilitate the roll-out of Fortacin™ in Italy, Spain, France, Germany, Portugal, Czech Republic, Slovakia, Poland, Ireland, Romania and Greece in late 2017 through the Group's commercial partner Recordati.

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

- As part of the Group's pursuit of strategic and value-led investments in the healthcare and life sciences sectors, during the year, the Company made a commitment to increase its strategic position in Diabetic Boot in three tranches. The first tranche (investment of GBP 1 million (or approximately US$1.45 million) for 43,478 new ordinary shares and 21,739 fundraising warrants) closed in the year which increased the Company's interest to approximately 23.04% of the issued share capital that was then diluted to 22% following the subsequent issue of new ordinary shares by way of a further placement to third parties by Diabetic Boot. The second and third tranches were subject to and conditional upon the satisfaction by Diabetic Boot of various operational and commercial milestones as detailed in the Company's announcement on 20 April 2016, which were not satisfied within the stipulated timeframes and, consequently, the Company had no obligation to subscribe into these tranches, which it has not done. Since 11 May 2016, the Group has equity accounted for its investment in Diabetic Boot.

- The successful disposal of the Group's entire interest in Endeavour on market for an aggregate consideration of approximately US$2.80 million in cash, thereby realising a gain on disposal of approximately US$0.32 million during the year concerned, which was a discloseable transaction of the Group.

- The successful disposal of the Group's remaining interest in Binary, for a consideration of US$1.15 million in cash. The disposal was a discloseable transaction of the Group, which successfully closed on 13 June 2016.

- Maintaining and actively monitoring its significant investment in Condor, representing approximately 7.52% of the share capital of the company as at 31 December 2016.

- 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 31 December 2016.

- Following the all-share acquisition of Plethora, during the year the Company also implemented sensible changes to its capital structure by way of a share consolidation conducted on a 10 for 1 basis, duly approved by shareholders at the extraordinary general meeting held on 8 June 2016 and taking effect on 10 June 2016, together with a capital reduction that, having been approved by shareholders at the extraordinary general meeting held on 19 August 2016 and taking effect on 12 October 2016 (in the Cayman Islands), which was 13 October 2016 in Hong Kong, following approval by the Grand Court of the Cayman Islands, resulted in the reduction of the par value of the issued and unissued shares of the Company from US$0.10 each to US$0.01 each and therefore the Company's authorised and issued share capital by 90%.

Subsequent to year end, as announced on 13 January 2017, the Group successfully disposed of its entire interest in Condor for an aggregate consideration of approximately US$2.53 million in cash.

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 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 audited results of the Group for the year ended 31 December 2016, together with comparative figures for the year ended 31 December 2015, as follows:

Consolidated Statement of Comprehensive Income
For the year ended 31 December 2016

	Notes	2016 US$'000	2015 US$'000
Revenue:	3		
Corporate investment income		137	212
Other income		175	307
		312	519
Fair value gain/(loss) on financial instruments, net	4	3,124	(6,204)
Total income including fair value gain/(loss) on financial instruments, net		3,436	(5,685)
Expenses:			
Employee benefit expenses	5	(3,906)	(5,945)
Rental and office expenses		(720)	(664)
Information and technology expenses		(266)	(167)
Marketing costs and commissions		(130)	(16)
Professional and consulting fees		(2,754)	(1,550)
Research and development expenses		(3,241)	—
Amortisation of intangible asset		(22,887)	(226)
Other operating expenses		(1,434)	(462)
Operating loss before impairment loss		(31,902)	(14,715)
Impairment loss on available-for-sale financial assets	10	—	(194)
Reversal of impairment on loan receivables		364	1,386
Operating loss	4	(31,538)	(13,523)
Gain on disposal of an associate	9(vi)	—	8,938
Loss on deemed disposal of associates	9(iii)&(v)	(5,805)	(3,560)
Impairment loss on interest in an associate	9(vii)	(97)	—
Gain from bargain purchase of a subsidiary	13	31,686	—
Gain from bargain purchase of an associate	9(iv)	1,356	—
Share of results of associates	9(ii)	(831)	(1,193)
Loss before income tax		(5,229)	(9,338)
Income tax credit	6	2,765	—
Loss for the year		(2,464)	(9,338)

	Notes	2016 US$'000	2015 US$'000
Other comprehensive income			
Items that may be reclassified subsequently to profit or loss:			
Change in fair value of available-for-sale financial assets	10	—	831
Exchange gain/(loss) on translation of financial statements of foreign operations		390	(6)
Share of other comprehensive income of associates		(605)	(989)
Reclassification to profit or loss on disposal of an associate	9(iii) & (vi)	3,127	(164)
Reclassification to profit or loss on disposal of available-for-sale financial assets		(1,232)	—
Other comprehensive income for the year, before and net of tax		1,680	(328)
Total comprehensive income for the year		(784)	(9,666)
Loss for the year attributable to:			
Shareholders of the Company		(2,460)	(9,333)
Non-controlling interests		(4)	(5)
		(2,464)	(9,338)
Total comprehensive income attributable to:			
Shareholders of the Company		(780)	(9,661)
Non-controlling interests		(4)	(5)
		(784)	(9,666)
Losses per share attributable to shareholders of the Company during the year	8	US cent	US cent (Restated)
– Basic and Diluted		(0.17)	(2.68)
		HK cent	HK cent (Restated)
– Basic and Diluted		(1.32)	(20.76)

Consolidated Statement of Financial Position
As at 31 December 2016

	Notes	2016 US$'000	2015 US$'000
ASSETS AND LIABILITIES			
Non-current assets			
Property, plant and equipment		84	48
Intangible asset		193,178	3,441
Interests in associates	9	3,055	17,295
Available-for-sale financial assets	10	1,726	5,367
		198,043	26,151
Current assets			
Financial assets at fair value through profit or loss		7,386	8,146
Prepayments, deposits and other receivables		614	2,505
Cash and bank balances		291	5,474
Loan receivables		—	75
Derivative financial instruments		186	484
		8,477	16,684
Current liabilities			
Trade payables, deposits received, accruals and other payables	11	(5,874)	(3,623)
Derivative financial instruments		—	(167)
		(5,874)	(3,790)
Net current assets		2,603	12,894
Total assets less current liabilities		200,646	39,045
Non-current liabilities			
Deferred tax liabilities		(19,318)	—
NET ASSETS		181,328	39,045
EQUITY			
Capital and reserves attributable to shareholders of the Company			
Share capital		17,372	34,857
Reserves		163,999	4,227
Equity attributable to shareholders of the Company		181,371	39,084
Non-controlling interests		(43)	(39)
TOTAL EQUITY		181,328	39,045

Notes:

1. General Information

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 consolidated financial statements are presented in United States Dollars ("**US$**"), which is also the functional currency of the Company. All values are rounded to the nearest thousand ("**US$'000**") except when otherwise indicated.

The consolidated financial statements have been prepared in accordance with all applicable Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards ("**HKAS**") and Interpretations (hereinafter collectively referred to as the "**HKFRSs**") issued by the Hong Kong Institute of Certified Public Accountants and the disclosure requirements of the Hong Kong Companies Ordinance. In addition, the consolidated financial statements include applicable disclosures required by The Rules Governing the Listing of Securities on the HK Stock Exchange (the "**HK Listing Rules**").

The Company is engaged in investment holding, and the principal activities of the Company and its subsidiaries (collectively defined as the "**Group**") consist of investments in biopharma companies and other corporate investments. The principal place of business of the Group is 8th Floor, Henley Building, 5 Queen's Road Central, Hong Kong.

2. Adoption of New or Revised HKFRSs

2.1 Adoption of new or revised HKFRSs – effective on 1 January 2016

Amendments to HKAS 1	Disclosure Initiative
Amendments to HKAS 27	Equity Method in Separate Financial Statements
Amendments to HKFRS 10, HKFRS 12 and HKAS 28	Investment Entities: Applying the Consolidation Exception
HKFRSs (Amendments)	Annual Improvements 2012-2014 Cycle

Amendments to HKAS 1 – Disclosure Initiative

The amendments are designed to encourage entities to use judgment in the application of HKAS 1 when considering the layout and content of their financial statements.

Included in the clarifications is that an entity's share of other comprehensive income from equity accounted interests in associates and joint ventures is split between those items that will and will not be reclassified to profit or loss, and presented in aggregate as a single line item within those two groups.

The adoption of the amendments has no impact on these financial statements.

Amendments to HKAS 27 – Equity Method in Separate Financial Statements

The amendments allow an entity to apply the equity method in accounting for its investments in subsidiaries, joint ventures and associates in its separate financial statements. The amendments are applied retrospectively in accordance with HKAS 8.

The adoption of the amendments has no impact on these financial statements as the Company has not elected to apply the equity method in its separate financial statements.

Amendments to HKFRS 10, HKFRS 12 and HKAS 28 – Investment Entities: Applying the Consolidation Exception

The amendments clarify that the exemption from preparing consolidated financial statements for an intermediate parent entity is available to a subsidiary of an investment entity (including investment entities that account for their subsidiaries at fair value rather than consolidating them). An investment entity parent will consolidate a subsidiary only when the subsidiary is not itself an investment entity and the subsidiary's main purpose is to provide services that relate to the investment entity's investment activities. A non-investment entity applying the equity method to an associate or joint venture that is an investment entity may retain the fair value measurements that associate or joint venture used for its subsidiaries. An investment entity that prepares financial statements in which all its subsidiaries are measured at fair value through profit or loss should provide the disclosures related to investment entities as required by HKFRS 12. The amendments are applied prospectively.

The adoption of the amendments has no impact on these financial statements as the Company is neither an intermediate parent entity nor an investment entity.

2.2 New or revised HKFRSs that have been issued but are not yet effective

The following new or revised HKFRSs, potentially relevant to the Group's financial statements, have been issued, but are not yet effective and have not been early adopted by the Group.

Amendments to HKAS 7	Disclosure Initiative[1]
Amendments to HKAS 12	Recognition of Deferred Tax Assets for Unrealised Losses[1]
Amendments to HKFRS 2	Classification and Measurement of Share-based Payment Transactions[2]
HKFRS 9	Financial Instruments[2]
HKFRS 15	Revenue from Contracts with Customers[2]
Amendments to HKFRS 15	Revenue from Contracts with Customers (Clarifications to HKFRS 15)[2]
HKFRS 16	Leases[3]
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture[4]

1 Effective for annual periods beginning on or after 1 January 2017

2 Effective for annual periods beginning on or after 1 January 2018

3 Effective for annual periods beginning on or after 1 January 2019

4 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 HKAS 7 – Disclosure Initiative

The amendments introduce an additional disclosure that will enable users of financial statements to evaluate changes in liabilities arising from financing activities.

Amendments to HKAS 12 – Recognition of Deferred Tax Assets for Unrealised Losses

The amendments relate to the recognition of deferred tax assets and clarify some of the necessary considerations, including how to account for deferred tax assets related to debt instruments measured at fair value.

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 as financial assets at 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; licenses 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 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

Revenue of the Group consists of corporate investment income and other income. An analysis of the Group's revenue for the year is as follows:

	2016 US$'000	2015 US$'000
Corporate investment income		
Dividend income from listed and unlisted equity investments	11	169
Bank interest income	5	2
Other interest income	30	59
Foreign exchange gains/(losses), net	91	(18)
	137	212
Other income		
Consultancy fee income	18	75
Derecognition of long outstanding trade and other payables	149	—
Success fee income	—	116
Sundry income	8	116
	175	307
	312	519

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 are 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:

- impairment loss on interest in an associate;
- income tax;
- 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, gain/loss on deemed disposal of an associate, and gain on disposal of an associate

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

Segment assets include all assets but exclude 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 year ended 31 December 2016

	Biopharma US$'000	Corporate Investment US$'000	Total US$'000
Revenue from external customers	—	312	312
Segment results	(26,737)	(5,165)	(31,902)
Reversal of impairment on loan receivables	—	364	364
Loss on deemed disposal of an associate	(5,805)	—	(5,805)
Impairment loss on interest in an associate	(97)	—	(97)
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	(831)	—	(831)
Consolidated loss before income tax credit	(428)	(4,801)	(5,229)

As at 31 December 2016

	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

For the year ended 31 December 2016

	Biopharma US$'000	Corporate Investment US$'000	Total US$'000
Interest income on bank deposits	5	—	5
Reversal of impairment on loan receivables	—	364	364
Net losses on derivative financial instruments	—	602	602
Depreciation	(21)	(49)	(70)
Amortisation	(22,887)	—	(22,887)
Net gains on financial assets at fair value through profit or loss	—	3,049	3,049
Capital expenditure	(2)	(30)	(32)

For the year ended 31 December 2015

	(Restated)		
	Biopharma US$'000	Corporate Investment US$'000	Total US$'000
Revenue from external customers	191	328	519
Segment results	—	(14,909)	(14,909)
Reversal of impairment on loan receivables	—	1,386	1,386
Gain on disposal of an associate	—	8,938	8,938
Loss on deemed disposal of an associate	(3,560)	—	(3,560)
Share of results of associates	(2,650)	1,457	(1,193)
Consolidated loss before tax credit	(6,210)	(3,128)	(9,338)

As at 31 December 2015

	(Restated)		
		Corporate	
	Biopharma	Investment	Total
	US$'000	US$'000	US$'000
Segment assets	3,441	16,732	20,173
Interests in associates	17,294	1	17,295
Available-for-sale financial assets	—	5,367	5,367
Total assets	20,735	22,100	42,835
Segment liabilities	—	3,790	3,790
Total liabilities	—	3,790	3,790

Certain comparative amounts in the segment information have been reclassified to conform to the current year's presentation. The Directors of the Company consider that such reclassification allows a more appropriate presentation of the Group's segment information.

For the year ended 31 December 2015

		Corporate	
	Biopharma	Investment	Total
	US$'000	US$'000	US$'000
Interest income on bank deposits	—	2	2
Reversal of impairment on loan receivables	—	1,386	1,386
Net losses on derivative financial instruments	—	(416)	(416)
Depreciation	—	(66)	(66)
Amortisation	(226)	—	(226)
Net losses on financial assets at fair value through profit or loss	—	(5,783)	(5,783)
Impairment on available-for-sale financial assets	—	(194)	(194)
Capital expenditure	(3,667)	(5)	(3,672)

The Group's revenues from external customers and its non-current assets (other than financial instruments) are divided into the following geographical areas:

	Revenue from external customers		Non-current assets	
	2016 US$'000	2015 US$'000	2016 US$'000	2015 US$'000
China	—	—	1	1
Hong Kong (domicile)	1	7	29	48
Australia	—	4	—	—
United States	—	2	—	—
United Kingdom	311	481	196,287	20,735
South East Asia[1]	—	25	—	—
	312	519	196,317	20,784

[1] South East Asia includes Singapore and Indonesia.

The geographical location of customers is based on the location of exchange on which the Group's investments are traded. The geographical location of the non-current assets is based on the physical location of the assets.

4. Operating Loss

	2016 US$'000	2015 US$'000
Operating loss is arrived at after charging:		
Auditors' remuneration		
– audit services	208	193
– review services	56	35
– other services	114	64
Depreciation of property, plant and equipment	70	66
Amortisation of intangible asset	22,887	226
Operating lease charges on property and equipment	633	625
Impairment loss on available-for-sale financial assets	—	194
Impairment loss of interest in an associate (note 9(vii))	97	—
Realised loss on disposal of financial assets at fair value through profit or loss[@] [(1)]	—	16
Realised loss on disposal of available-for-sale financial assets[@]	—	5
Unrealised loss on financial assets at fair value through profit or loss[@] [(1)]	—	5,767
Realised loss on derivative financial instruments[@] [(2)]	459	—
Unrealised loss on derivative financial instruments[@] [(2)]	143	623
Foreign exchange losses, net[*]	431	18
and crediting:		
Interest income on bank deposits and loan receivables[*]	5	2
Other interest income[*]	30	59
Realised gain on disposal of financial assets at fair value through profit or loss[@] [(1)]	175	—
Realised gain on disposal of available-for-sale financial assets[@]	677	—
Realised gain on derivative financial instruments[@] [(2)]	—	207
Unrealised gain on financial assets at fair value through profit or loss[@] [(1)]	2,874	—
Dividend income from listed equity securities[*]	11	22
Reversal of impairment on loan receivables	364	1,386

[@] These amounts constitute the fair value gain of US$3,124,000 (2015: loss of US$6,204,000) in the consolidated statement of comprehensive income.

[*] Included in revenue.

[(1)] During the year ended 31 December 2016, net gains on financial assets at fair value through profit or loss amounted to US$3,049,000 (2015: net losses of US$5,783,000).

[(2)] During the year ended 31 December 2016, net losses on derivative financial instruments amounted to US$602,000 (2015: US$416,000).

5. Employee Benefit Expenses (Including Directors' Emoluments)

	2016 US$'000	2015 US$'000
Salaries, discretionary bonuses and benefits in kind	3,788	5,920
Pension costs - defined contribution plans	118	25
	3,906	5,945

6. Income Tax Credit

The amount of taxation in the consolidated statement of comprehensive income represents:

	2016 US$'000	2015 US$'000
United Kingdom		
– Current year	(483)	—
Deferred tax credit	(2,282)	—
Income tax credit	(2,765)	—

No provision for profits tax has been made in these financial statements as all the Group's companies which are subject to such tax have sustained losses for taxation purposes for the years ended 31 December 2016 and 2015. Overseas tax is calculated at the rates applicable in the respective jurisdictions.

A tax credit of US$2,282,000 (2015: Nil) mainly represents the deferred tax credit arising from the amortisation charge for the year relating to the intangible asset of the patent Fortacin™.

Share of associates' tax credit for the year ended 31 December 2016 of US$86,000 (2015: US$238,000) is included in profit or loss as share of results of associates.

7. Dividends

No dividend was paid or proposed during the year of 2016, nor has any dividend been proposed since the end of reporting period (2015: Nil).

8. Losses Per Share

The calculation of basic losses per share is based on the loss attributable to the shareholders for the year of US$2,460,000 (2015: US$9,333,000) and on the weighted average of 1,479,245,409 (restated 2015: 348,573,052) ordinary shares in issue during the year. The comparative figure for the basic losses per share is restated to take into effect of the Company's share consolidation completed during the year retrospectively as if it had taken place since the beginning of the comparative period.

The share options outstanding have an anti-dilutive effect on the basic losses per share of the Group for the years ended 31 December 2016 and 2015. Accordingly, the effect of the share options was not included in the calculation of diluted losses per share for the years ended 31 December 2016 and 2015.

9. Interests in Associates

(i) At 31 December 2016, the Group's associates and their carrying value comprised the following:

	2016 US$'000	2015 US$'000
The Diabetic Boot Company Limited	3,054	—
West China Coking & Gas Company Limited ("**West China Coke**")	1	1
Plethora Solutions Holdings plc*	—	17,294
	3,055	17,295

Share of associates' tax credit for the year ended 31 December 2016 of US$86,000 (2015: US$238,000) is included in profit or loss as share of results of associates.

* *During the year, the Group acquired all the remaining shares it did not already own in Plethora by way of a scheme of arrangement on 9 March 2016. Thereafter Plethora became a wholly-owned subsidiary of the Group. Further details of the acquisition are set out in note 13.*

Particulars of the associates as at 31 December 2016 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
				2016	2015	
Held indirectly:						
West China Coke	The People's Republic of China	Sino-foreign Joint Venture Company	Injected capital of RMB79,910,000 (2015: RMB79,910,000)	25%	25%	Production, processing and sale of coal, coke, gas and coal chemicals
Held directly:						
Diabetic Boot	United Kingdom	UK Limited Liability Company	Ordinary shares of GBP 133.23	22%	N/A	Design, promote and production of medical products

There are no significant restrictions on the ability of associates to transfer funds to the Group in form of cash dividends, or to repay loans or advances made by the Group.

There are no material contingent liabilities or other commitments relating to the Group's interests in the associates.

(ii) Movements in interests in associates are summarised in the table below:

	2016 US$'000	2015 US$'000
As at 1 January	17,295	30,206
Loss on deemed disposal of Plethora ((iii) and (v))	(2,678)	(3,560)
Reclassification of the interest in Plethora to subsidiary ((iii) and note 13)	(14,046)	—
Reclassification of the interest in Diabetic Boot from available-for-sale financial assets (iv)	2,661	—
Gain from bargain purchase of Diabetic Boot (iv)	1,356	—
Disposal of 98% interest in Binary (vi)	—	(6,755)
Unrealised fair value gain on retained 2% interest in Binary (vi)	—	529
Reclassification of the remaining interest in Binary to available-for-sale financial assets ((vi) and note 10)	—	(943)
Impairment loss in an associate (vii)	(97)	—
Share of results of associates	(831)	(1,193)
Exchange loss on translation of financial statements of associates	(605)	(989)
As at 31 December	3,055	17,295

	2016 US$'000	2015 US$'000
Share of net assets – unlisted		
(net of accumulated impairment losses)	3,055	1
Share of net assets – listed	—	17,294
	3,055	17,295
Market value of listed investment, overseas	—	5,915

(iii) Loss on deemed disposal of an associate arising from Plethora reclassified as a subsidiary as of 9 March 2016

As explained in more detail in note 13, the Group acquired all of Plethora's issued and to be issued ordinary share capital that it did not already own by way of a scheme of arrangement on 9 March 2016. Plethora subsequently became a wholly-owned subsidiary of the Group. Under HKFRS 3 (Revised) "Business Combinations" ("**HKFRS 3**"), the Group is required to re-measure its previously held equity interest in Plethora (amounting to 86,799,490 shares) at its acquisition date fair value and recognise the resulting gain or loss in profit or loss.

	US$'000
Carrying value of interest in Plethora at 1 January 2016	17,294
Add: Share of Plethora's profit to 9 March 2016	17
Less: Share of current period exchange reserve movement	(587)
Carrying value of interest in Plethora at 9 March 2016	16,724
Less: Fair value of equity interest in Plethora at 9 March 2016	(14,046)
Loss on deemed disposal	2,678
Add: Release of foreign currency translation reserve related interest in Plethora	3,127
Loss on deemed disposal of an associate (Plethora) recognised in profit or loss	5,805

(iv) Diabetic Boot reclassified as an associate from available-for-sale financial assets as of 11 May 2016

Diabetic Boot is a private limited company incorporated in the United Kingdom. It is essentially a single product medical device company focused on the treatment of diabetic foot ulcers ("**DFUs**"), which are a comorbidity of diabetes mellitus. Currently, the treatment options available for DFUs are very narrow and have limited efficacy. Diabetic Boot has a unique and patented technology offering to treat DFUs under the trade name "PulseFlowDF". This cutting–edge technology combines two proven treatment strategies – offloading and intermittent pneumatic compression, in an innovative Class II medical device. The device features a biomechanically active but unobtrusive design and state-of-the–art construction materials to simultaneously increase blood flow, offload the wound and protect the foot from further injury.

The Company first acquired an interest in Diabetic Boot in 2015, purchasing 89,753 shares for a consideration of US$1,842,000. This investment represented an interest of 16.79% of Diabetic Boot's then issued share capital, and was accounted for as an available-for-sale financial asset in the Group's consolidated statement of financial position at 31 December 2015.

During the year, on 19 April 2016 the Company entered into a Binding Term Sheet (the "**Agreement**") with Diabetic Boot to potentially acquire a further 130,434 new Diabetic Boot shares at GBP 23 per share (US$32.84 per share) in cash and 65,217 warrants each exercisable at GBP 26.45 per share (or approximately US$37.76 per share) for an aggregate consideration of GBP 2,999,982 (or approximately US$4,283,074). The Agreement provided for these additional shares to be acquired and paid over three equal tranches. The three tranches had final dates at which the relevant conditions/performance obligations for each such tranche had to be satisfied by Diabetic Boot or waived by the Company, being 31 May 2016, 30 September 2016 and 31 December 2016 respectively. The Company essentially had: (i) a conditional obligation to acquire the Tranche 1 and 2 shares and warrants upon Diabetic Boot fulfilling or satisfying its Tranche 1 and 2 conditions/performance obligations set out under the Agreement or such conditions/performance obligations being waived by the Company; and (ii) a right (option) to acquire Tranche 3 shares and warrants irrespective of whether Diabetic Boot was able to fulfill its conditions/performance obligations set out under the Agreement. Diabetic Boot fulfilled the conditions/performance obligations of Tranche 1 on 11 May 2016, and the Company accordingly acquired the Tranche 1 shares and warrants. At 11 May 2016, the Company's interest in Diabetic Boot increased to approximately 23%, which was subsequently diluted to 22% by way of a further placement of shares to third parties on 2 June 2016. The Tranche 2 and 3 conditions/performance obligations were not satisfied within the stipulated timeframes and, consequently, the Company had no obligation to subscribe to these tranches, and the Company elected not to take up its option to acquire these shares/warrants. Further details of the terms and conditions in the Agreement, are set out in the Company's announcement to shareholders dated 20 April 2016.

Under the Agreement, upon the purchase of Tranche 1 shares, the Company also acquired the right to nominate two persons to Diabetic Boot's board of directors. Under HKAS 28 "Investments in Associates and Joint Ventures" ("**HKAS 28**"), an investor equity accounts for its interest in an investee as an associate when it has significant influence. As the Company holds more than a 20% equity interest in Diabetic Boot and has the ability to influence Diabetic Boot's policies and operations via its ability to nominate persons to its board of directors, the Group considered it had significant influence and accordingly equity accounted for its interest in Diabetic Boot as an associate as of 11 May 2016.

Under HKAS 28 and the Group's accounting policies, when Diabetic Boot is first accounted for as an associate, the Group is required to: (i) calculate goodwill based on the consideration paid and the share of fair value of net assets acquired. If the sum of this consideration is lower than the fair value of the net assets acquired, the difference is recognised in profit or loss as a gain from bargain purchase; (ii) a critical component of the fair value of Diabetic Boot's assets and liabilities on the date it became an associate, is the fair value of its "PulseFlowDF" patented technology, which Diabetic Boot does not reflect in its financial statements. To assist the Directors to fair value this intangible asset, the Company engaged an independent expert valuation firm, Grant Sherman Appraisal Limited ("**Grant Sherman**"), to determine the fair value of that asset. Key assumptions underlying that valuation, which the Directors have reviewed and adopted are set out below; and (iii) in respect of the previously held interest in Diabetic Boot which was accounted for as an available-for-sale financial asset, under HKAS 28/HKFRS 3 it is treated as if it was disposed of and reacquired at fair value at the acquisition date.

Fair value of Diabetic Boot's assets and liabilities as of 11 May 2016

	Fair value US$'000	Carrying value US$'000
Property, plant and equipment	80	80
Intangible asset- PulseFlowDF*	19,405	—
Inventories	427	427
Trade and other receivables	467	467
Cash and cash equivalents	1,011	1,011
Trade and other payables	(447)	(447)
Income tax payable	(16)	(16)
Deferred tax liability (arising from the intangible asset)	(3,493)	—
	17,434	1,522

* *The valuation of PulseFlowDF was based on the "Relief-from-Royalty method", whereby the value of the patent is based on the present worth of future economic benefits to be derived from the projected royalty income. This method is widely accepted and commonly used valuation method to value intangible assets, including patents and trademarks. Key assumptions underlying the valuation were Diabetic Boot's market penetration rate, the rate at which the diabetic population would grow, a discount rate of 31.8%, a royalty rate and life of the patent. A corresponding deferred tax liability of US$3,493,000 was determined based on the valuation of the patent under the "Relief-from-Royalty method" using the expected corporate tax rate at which the royalty income from this intangible asset will be taxed.*

Calculation of bargain purchase gain of Diabetic Boot as at 11 May 2016

	US$'000
Carrying value of previously held interest in Diabetic Boot carried forward at 1 January 2016	1,842
Add: Attributable costs of additional 43,478 shares acquired in Diabetic Boot under Tranche 1	819
Total cost	2,661
Less: Attributable shares of Diabetic Boot's net assets at fair value (23.04% of US$17,434,000)	4,017
Bargain purchase gain on Diabetic Boot interest recognised in profit or loss	1,356

After the further subscription of GBP 1 million (or approximately US$1.45 million) in Diabetic Boot, the Company notes that, on 6 October 2016, Alternative Investment Market ("**AIM**") listed Life Science Developments Limited ("**LIFE**") (LON:LIFE) announced that it had signed a non-binding term sheet to acquire Diabetic Boot for new shares in LIFE without any specific valuation being revealed. No further announcement has been made by LIFE and the Company understands that the acquisition remains subject, inter alia, to the completion of due diligence, documentation and compliance with all regulatory requirements, including the AIM Rules and that there is no guarantee that all such matters can or will be completed. The Company further notes that the acquisition would, if completed, amount to: (i) a connected or related party transaction of LIFE, given the cross interests of James Mellon; as well as: (ii) a reverse takeover of LIFE under the AIM Rules. Should a binding offer for Diabetic Boot materialise, the Company will assess the merits of the transaction at that time, together with any HK Listing Rules implications it may have in accepting or participating in such transaction.

Day One Gain arising from Diabetic Boot derivative financial instruments

As mentioned above, in addition to the Tranche 1 shares, under the Agreement the Company also acquired certain warrants under Tranche 1 as well as the right to acquire further shares and warrants under Tranche 2 and 3. These warrants and economic rights constitute derivative financial instruments and are accounted for separately from the Tranche 1 shares. Under HKFRS 13 "Fair Value Measurement", on the acquisition date, these derivative financial instruments are measured at fair value, with any gain or loss over their attributable cost being recognised in profit or loss ("**Day One Gain/Loss**"). However, under HKAS 39 "Financial Instruments: Recognition and Measurement", where the fair value of the derivative financial instruments is determined based on valuation assumptions/data which is not from observable market information, then any Day One Gain/Loss should not be recognised in profit or loss but deferred until such market observable data/a change in factor (including time) that market participants would consider in setting a price, becomes available.

From the table below, the Day One Gain arising from the derivative financial instruments on the acquisition date amounted to approximately US$526,000, and was not recognised in profit and loss.

As at 11 May 2016 (the acquisition date)

	Fair value US$'000	Attributable cost US$'000	Fair value gain US$'000
Tranche 1- 21,739 Fundraising Warrants	342	186	156
Tranche 2- 43,478 Diabetic Boot shares and 21,739 Fundraising Warrants	405	220	185
Tranche 3- 43,478 Diabetic Boot shares and 21,739 Fundraising Warrants	406	221	185
	1,153	627	526

The Directors have determined the fair value of derivative financial instruments and their attributable cost with reference to a valuation report prepared by Grant Sherman, an independent expert valuation firm, on Diabetic Boot's intangible asset and these derivative financial instruments.

However, as noted above, Diabetic Boot was unable to fulfil the specified conditions/performance obligations related to the Tranche 2 and 3 shares/warrants, and the Company elected not to waive these conditions and did not exercise its right to purchase such shares/warrants. Accordingly, at 31 December 2016 the derivative instruments related to Tranche 2 and 3 shares/warrants have been derecognised, resulting in a loss charged to profit or loss of US$441,000. In light of this and the impairment on investment in Diabetic Boot (note 9(vii)), the Directors consider all of the Day One Gain of US$526,000 should be derecognised.

(v) Loss on deemed disposal of interest in Plethora for the year ended 31 December 2015

On 8 April 2015, Plethora announced that a notice was received from the convertible loan note holders to convert their convertible loan notes with principal amount of GBP 1,629,595 with interest accrued and redemption premiums of GBP 1,216,124 into 142,285,957 ordinary shares of Plethora, which diluted the Group's ownership from 12.75% to 10.54% and gave rise to a loss on deemed disposal of an associate of US$3,560,000 which was recognised in the consolidated statement of comprehensive income for the year ended 31 December 2015.

(vi) Disposal of interest in Binary

As at 31 December 2014, the Group held a 49.90% equity interest in Binary, which was principally engaged in the business of online options trading platform and accounted for the investment as an associate. On 8 April 2015, the Group disposed of 98% of its holding amounting to 938,978 ordinary shares in Binary for an aggregate consideration of US$15,000,000. As part of this transaction, 165,197 Binary shares were sold to two related parties of the Group for US$2,639,000. The Group has accounted for the remaining approximately 2% equity interest as an available-for-sale financial asset, whose fair value the Directors estimated to be approximately US$943,000 at the date of disposal (fair value gain of US$529,000). This transaction resulted in the recognition of a gain on disposal of an associate of US$8,938,000 for the year ended 31 December 2015 as set out below:

	2015 US$'000
Aggregate consideration	15,000
Carrying amount of the Company's interest in Binary disposed of (approximately 98% interest) (ii)	(6,755)
Reclassification adjustment resulting from disposal of 98% interest:	
– foreign currency exchange reserve	2
– share-based payment reserve	162
Unrealised fair value gain on retained 2% interest (ii)	529
Gain on disposal of an associate	8,938

Further details of Binary and the sale of Binary shares are set out in the Company's circular dated 16 March 2015 and announcement dated 8 April 2015.

(vii) Assessment for impairment of associates

During the year ended 31 December 2016, the Directors carried out an impairment assessment by determining whether the recoverable amount of the interest in Diabetic Boot was greater than its carrying value. To determine the recoverable amount, the Directors carried out a value in use calculation using essentially the same basis/model as used in the exercise to determine the fair value of the associate's net assets on acquisition date (as set out in (iv) above).

The recoverable amount of the Group's interest in Diabetic Boot was calculated based on cash flow forecasts covering a period up to 2026 representing the remaining estimated useful life of the patent. The rate used to discount the forecast cash flows was 30.63%. The key assumptions for the value in use calculations were Diabetic Boot's market penetration rate, the rate at which the diabetic population would grow, royalty rate and life of the patent. The value in use figure determined as at 31 December 2016 was lower than the carrying value of the interest in the associate and accordingly an impairment loss of US$97,000 was recognised in profit or loss for the year.

During the year ended 31 December 2015, no impairment loss was recognised in profit or loss for the Group's interests in associates. As part of this assessment, the Directors noted that the carrying value of the Group's interest in Plethora exceeded the market value of its equity interest in Plethora. The Directors accordingly carried out an impairment assessment to determine whether the recoverable amount of this associate was greater than its carrying value.

To determine the recoverable amount, the Directors carried out a value in use calculation based on cash flow forecasts covering a period up to 2025, representing the remaining estimated useful life of the patent. The rate used to discount the forecast cash flows was in the range of 15% to 30%. The key assumptions for the value in use calculations were those regarding the discount rates, growth rates and royalty rates in respect of five major regions and the premature ejaculation prevalence rate of 25%. The value in use figure determined as at 31 December 2015 was higher than the carrying value of the interest in the associate and accordingly no impairment loss was considered necessary.

(viii) Summarised financial information of associates

The following table illustrates the summarised aggregate financial information of the Group's material associates, Diabetic Boot and Plethora, prepared in accordance with International Financial Reporting Standards, which are equivalent to HKFRSs and adjusted for the effect of the fair value adjustments at the dates Diabetic Boot and Plethora each became an associate of the Group.

	Diabetic Boot		Plethora	
	2016	2015	2016#	2015
	US$'000	US$'000	US$'000	US$'000
As at 31 December				
Non-current assets	17,825^	N/A	N/A	187,989*
Current assets	1,377	N/A	N/A	1,348
Current liabilities	(554)	N/A	N/A	(5,951)
Non-current liabilities	(4,766)	N/A	N/A	(19,306)
Net assets	13,882	N/A	N/A	164,080
Included in the above amounts are:				
Cash and cash equivalents	59	N/A	N/A	137
For the year ended 31 December				
Revenue	156	N/A	—	—
(Loss)/Profit for the period/year	(3,855)	N/A	162	(15,737)
Other comprehensive income for the period/year	(82)	N/A	(5,565)	(9,504)
Total comprehensive income for the period/year	(3,937)	N/A	(5,403)	(25,241)
Dividend received from an associate	—	N/A	N/A	—
Included in the above amounts are:				
Depreciation and amortisation	(1,247)	N/A	(2,624)	(18,809)
Interest income	1	N/A	—	3
Interest expense	—	N/A	(1,831)	(342)
Income tax credit	224	N/A	351	2,400

^ comprising primarily of intangible asset, PulseFlowDF.

* comprising primarily of intangible asset, Fortacin™.

\# as set out in note 13, Plethora became a wholly-owned subsidiary of the Group on 9 March 2016, and accordingly its assets and liabilities at 31 December 2016 are not presented here as it was no longer an associate.

Reconciliation to the carrying amount of the Group's interests in associates:

	Diabetic Boot		Plethora	
	2016 US$'000	2015 US$'000	2016# US$'000	2015 US$'000
Net assets attributable to the equity holders of the associate	14,321	N/A	N/A	164,080
Group's effective interest	22%	N/A	N/A	10.54%
Group's share of net assets of the associate	3,151	N/A	N/A	17,294
Impairment loss (vii)	(97)	N/A	N/A	—
Goodwill	—	N/A	N/A	—
Carrying amount of the Group's interest in the associate in the consolidated financial statements (i)	3,054	N/A	N/A	17,294

The following table illustrates the summarised aggregate financial information of the remaining associate which are not material to the Group.

	2016 US$'000	2015 US$'000
For the year ended 31 December		
Loss for the year	—	—
Other comprehensive income	—	—
Total comprehensive income	—	—

10. Available-for-sale Financial Assets

	2016 US$'000	2015 US$'000
As at 1 January	5,367	2,130
Additions (note 9(iv))	819	1,842
Disposals	(1,799)	(185)
Reclassified from interest in associates (notes 9(iv) and (vi))	(2,661)	943
Change in fair value	—	831
Impairment loss	—	(194)
As at 31 December	1,726	5,367

Available-for-sale financial assets include the following:

	2016 US$'000	2015 US$'000
Unlisted securities		
Club debenture, at cost	19	19
Equity securities, at cost	1,707	3,548
	1,726	3,567
Unlisted securities		
Equity securities, at fair value	—	1,774
Listed securities		
Equity securities, at fair value	—	26
	1,726	5,367

Available-for-sale financial assets included investments in certain unlisted securities, which are measured at cost less impairment as there is no quoted market price in active markets for the investments and the variability in the range of reasonable fair value estimates of the investments is so significant that the Directors are of the opinion that their fair values cannot be measured reliably. The Group plans to hold these investments for the foreseeable future.

During the year ended 31 December 2016, there was no impairment on the Group's investment in available-for-sale financial assets (2015: US$194,000).

11. Trade Payables, Deposits Received, Accruals and Other Payables

At 31 December 2016 and 2015, the ageing analysis of the trade payables was as follows:

	2016 US$'000	2015 US$'000
Due within 1 month or on demand	98	—
Due after 3 months but within 6 months	592	—
More than 6 months	901	99
	1,591	99

12. Charge on Assets

As announced by the Company on 28 January 2013, 18 April 2013 and 23 August 2013 and as further disclosed in the Company's half yearly and annual reports since 2013, the Company received orders from the Federal Court of Australia in relation to an assessment issued by the Commissioner of Taxation ("**COT**") in the amount of A$12.78 million following completion of the sale of its securities in BC Iron Limited for gross proceeds of A$81.61 million (the "**Assessment**"). The amount of potential tax assessed was expressed to be 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 market value are A$4.14 million (or approximately US$2.99 million), A$0.93 million (or approximately US$0.67 million) and A$0.31 million (or approximately US$0.23 million) as at 31 December 2016 respectively, as security against the Assessment, in consideration of the COT taking steps to discontinue the Court orders within 7 days of the date of the Specific Security Deed and staying 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 31 December 2016 (2015: Nil).

13. 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 has been 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 liabilities	(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 9(iii))	(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 has measured Plethora's intangible asset, (Fortacin™) at the acquisition date fair value, which has been estimated with reference to a valuation report prepared by Grant Sherman, 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 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 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 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 on bargain purchase of US$31,686,000, which has been recognised in profit or loss for the year ended 31 December 2016.

The acquisition-related costs of approximately US$2.20 million, which comprise primarily professional and consulting fees, have been 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 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 10 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 purpose 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.

14. Event after the reporting period

On 13 January 2017, the Company announced that during the period from 6 to 12 January 2017, it disposed of an aggregate of 3,977,274 Condor shares, representing approximately 7.52% of the existing issued share capital of Condor, for an aggregate amount of cash consideration of approximately GBP 2.07 million (or approximately US$2.53 million).

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$2.46 million in 2016 (2015: US$9.33 million).

The Group (revenue and fair value gain/(loss) on financial instruments) recorded a gain of US$3.44 million (2015: loss of US$5.69 million).

The Group's associate, Plethora, contributed a share of profit of US$17,000 to the Group for the period ended 9 March 2016. In addition, the Group's reclassified associate, Diabetic Boot, recorded a share of loss of US$0.85 million for the period from 11 May to 31 December 2016.

The main elements of the loss are analysed as follows:

	US$ million
Gain from bargain purchase of a subsidiary, Plethora	31.69
Gain from bargain purchase of an associate, Diabetic Boot	1.36
Loss on deemed disposal of an associate, Plethora	(5.81)
Amortisation of an intangible asset, mainly being Fortacin™	(22.89)
Research and development expenses incurred by Plethora	(3.24)
Fair value gain on financial instruments, net	3.12
Other/Office general and administrative expenses	(6.69)
Total loss attributable to shareholders of the Company	(2.46)

Financial Position

Shareholders' equity increased by 364.10% to US$181.37 million as at 31 December 2016 from US$39.08 million as at 31 December 2015. The increase was mainly due to: (i) the increase of share capital and share premium of US$143.07 million by issuing consideration shares for the acquisition of Plethora; (ii) the increase of foreign currency exchange reserve of US$2.91 million, which was mainly due to the release of exchange loss from the reserve to profit or loss; this was offset against the loss attributable to shareholders of the Company of US$2.46 million for the year ended 31 December 2016.

The investment in Diabetic Boot of US$3.05 million accounted for 1.68% of shareholders' equity. The Group's assets also comprised: (i) an intangible asset of US$193.18 million; (ii) listed and unlisted investments of US$9.11 million; (iii) cash and bank balances of US$0.29 million; (iv) derivative financial instruments of US$0.19 million; and (v) property, plant and equipment and other receivables of US$0.70 million.

The Group's liabilities comprised: (i) deferred tax liabilities of US$19.32 million; and (ii) payables and accruals of US$5.87 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 CEO regularly interacts with the Board in respect of the strategic plan and direction of the Company, during which meetings the CEO 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 healthcare and 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 Stock Exchange of Hong Kong Limited and best practice.

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

The current strategy of the Group can be seen in the latest Company presentation available on the Company's website (www.regentpac.com).

Funding

As at 31 December 2016, the Group had US$0.29 million in cash that represented 0.16% of its total shareholders' equity, which does not take into account the Group's holding of securities of financial assets at fair value through profit or loss that amounted to US$7.39 million.

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 31 December 2016.

Contingent Liabilities

Save as those disclosed in "Litigation" below, the Group has no other material contingent liabilities as at 31 December 2016.

Litigation

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 BC Iron Limited ("**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 9 January 2017, was approximately A$3.98 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 Australian Taxation Office (as amended, 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, 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 31 December 2016) is approximately US$3.89 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.

Charge on Assets

As announced by the Company on 28 January 2013, 18 April 2013 and 23 August 2013 and as further disclosed in the Company's half yearly and annual reports since 2013, the Company received orders from the Federal Court of Australia in relation to an assessment issued by the Commissioner of Taxation in the amount of A$12.78 million following completion of the sale of its securities in BC Iron Limited for gross proceeds of A$81.61 million (the "**Assessment**"). The amount of potential tax assessed was expressed to be due and payable on 2 December 2013. On 7 September 2016, the Australian Taxation Office considered that capital gain tax was amended down and payable in the amount of approximately A$11.85 million.

Following consultation with the Commissioner of Taxation 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 Commissioner of Taxation, 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 market value are A$4.14 million (or approximately US$2.99 million), A$0.93 million (or approximately US$0.67 million) and A$0.31 million (or approximately US$0.23 million) as at 31 December 2016 respectively, as security against the Assessment, in consideration of the Commissioner of Taxation taking steps to discontinue the Court orders within 7 days of the date of the Specific Security Deed and staying 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 were pledged as at 31 December 2016 (2015: Nil).

Management of Risk

In 2016, the most significant risk affecting the profitability and viability in respect of the Group is the continued success and revenue derived from its listed equity portfolio and in respect of the Group's interest in Plethora. Risks relating to the Group's interests include:

Equity Markets

Global financial markets are continuing to experience significant levels of volatility, driven largely by macro-economic imbalances stemming from the sovereign debt problems in the Europe and the credit tightening in developing countries. As such, the future returns from the Group's equity portfolio are linked to the health of the macro environment for which the Group cannot control. Past returns from the listed equity portfolio cannot be used to judge the Group's future listed equity performance.

Foreign Exchange Risk

The Group operates using US dollars. As such the Group is exposed to foreign currency fluctuations arising from operations of its subsidiaries and associates. This exposure relates mainly to the translation between US dollars and non-US dollar currencies. Currency fluctuations may affect the revenues which the Group realises from its subsidiaries and associates and, in particular, its interest in Plethora. This exposes the Group to increased volatility in earnings as reported in US dollars due to fluctuations in foreign exchange rates. While foreign currencies are generally convertible into US dollars, there is no guarantee that they will continue to be so convertible or that fluctuations in the value of such currencies will not have an adverse effect on the Group.

Interest Rate Risk

The Group does not have any operating lines of credit or bank facilities. Therefore, the Group was not exposed to interest rate risk in the financial year concerned.

Risks Inherent to Plethora (the Company's most significant investment)

1. The timing and quantum of receipt of upfront, milestone and royalty income from strategic commercial marketing partners, which in itself is dependent on the successful partnering and the commercial launch of Fortacin™;

2. The management of Plethora's cost base and maintaining adequate working capital and ensuring sufficient funds are made available to complete the ongoing work with Pharmaserve (North West) Limited and Catalent Pharma Solutions, LLC and regulatory approval processes and bringing Fortacin™ to market;

3. The retention of key employees to complete the commercialisation process;

4. Delays and other unforeseen disruptions to the manufacturing and regulatory approval projects which could have an adverse impact on the commercial launch of Fortacin™ and future revenues; and

5. The exposure to competition from new generic entrants into the market.

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 the course of the Group's normal operations, margin deposits of varying amounts of cash are held by the Group's brokers. As at 31 December 2016, the amount of these margin deposits was Nil (2015: US$0.68 million). In terms of the total operations of the Group, activities of this nature are of limited materiality.

Foreign Currency

The Group had not taken out any currency hedge as the management is not aware of any material foreign currency risk against its investments in financial assets. Currently, the Group has no material financial liabilities denominated in foreign currencies other than US dollars.

Material Acquisitions and Disposals

As previously announced, during the year the Group: (i) acquired the entire issued and to be issued ordinary share capital of Plethora not already owned by the Group for US$143.10 million (note 13); (ii) further invested GBP 1 million (or approximately US$1.45 million) for 43,478 new ordinary Diabetic Boot shares and 21,739 fund raising warrants (note 9(iv)); (iii) disposed of its entire interest in Endeavour on market for an aggregate consideration of approximately US$2.80 million in cash; and (iv) disposed of its remaining interest in Binary for a consideration of US$1.15 million in cash.

Segmental Information

For details of the segment information, please refer to note 3 to this announcement.

Employees

The Group, including subsidiaries but excluding associates, employed approximately 19 employees at 31 December 2016 (2015: 16 employees). 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. In all cases, profit related discretionary bonuses and grants of share rewards will be agreed by the Remuneration Committee of the Board.

FINAL DIVIDEND

The Directors do not recommend the payment of a final dividend for the year ended 31 December 2016 (2015: Nil).

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 year ended 31 December 2016 and prior to the date of this announcement.

REVIEW BY THE AUDIT COMMITTEE

The audited financial statements of the Company for the year ended 31 December 2016 have 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 4 June 2015 to repurchase, on the HK Stock Exchange, shares up to a maximum of 348,573,052 shares (the "**2015 Repurchase Mandate**"). Since 4 June 2015, no shares were repurchased by the Company on the HK Stock Exchange pursuant to the 2015 Repurchase Mandate.

The 2015 Repurchase Mandate expired upon close of the Company's annual general meeting held on 8 June 2016, at which a new general mandate was granted to the Directors to repurchase, on the HK Stock Exchange, as adjusted for the 10 for 1 share consolidation which took effect on 10 June 2016, shares up to a maximum of 173,725,118 shares (the "**2016 Repurchase Mandate**"). Since 8 June 2016 and prior to the date of this announcement, no shares were repurchased by the Company on the HK Stock Exchange pursuant to the 2016 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 year ended 31 December 2016 or subsequent to the year 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 ANNUAL REPORT

The annual report containing full details of the Company's audited final results for year ended 31 December 2016 will be despatched to all its shareholders and be published on the aforesaid websites before 30 April 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, 28 March 2017