

## **Regent Pacific Announces 2017 Annual Financial Results**

### **Good Progress on Strategic Transformation as Global Fortacin™ Rollout Commenced**

(23 March 2018, Hong Kong) – Regent Pacific Group Limited (“**Regent Pacific**” or the “**Company**” and together with its subsidiaries, the “**Group**”; Hong Kong stock code: 00575), a specialist healthcare and life sciences investment group, today announced financial results for the full year ended 31 December 2017.

**Jamie Gibson, CEO of Regent** said, “*We have made good progress on our transformation strategy to create a focused healthcare investment company which delivers real value for shareholders. 2017 has been a year of investing for future growth, as a large amortisation charge on the Fortacin™ asset and costs related to the global commercialisation of Fortacin™ have weighed heavily on profitability.*”

*However, the Group is well-positioned financially and our balance sheet remains robust with a significant cash and listed securities element. The European launch of Fortacin™ in February and March this year and subsequent global launches will, we hope, generate long-term recurring royalty revenues from our commercial sales partners, further fuelling the Group’s future growth.”*

#### **KEY FINANCIAL HIGHLIGHTS**

- Loss attributable to shareholders of US\$27.36 million was recorded for 2017 as a result of an amortisation charge on *Fortacin™* and costs related to its European launch (FY 2016: US\$2.46 million)
- Strong balance sheet, with cash balances, listed and unlisted securities at approximately US\$11.03 million (FY 2016: US\$9.40 million)
- Shareholders’ equity amounted to US\$158.82 million, down 12.43% year-on-year (FY 2016: US\$181.37 million)
- Successfully raised approximately HK\$40.5 million (or approximately US\$5.21 million), gross proceeds, and approximately HK\$38.48 million (or approximately US\$4.95 million), net proceeds, through a placing and top-up subscription

#### **KEY BUSINESS HIGHLIGHTS**

- The Group remains focused on implementing its strategy of seeking value-led investments in the healthcare and life sciences sector
- European launch of landmark PE product *Fortacin™* by *Recordati* commenced with the Group continuing to pursue commercialisation partnerships in the remaining key markets of China, North America, Latin America and the Asia Pacific region
- As at 31 December 2017, the Group concluded negotiations with *Recordati* will be eligible to receive remaining payments of up to EUR 37 million (or approximately US\$44.42 million) plus royalties after hitting certain milestones related to the European roll-out
- Realised US\$2.51 million in cash from the disposal of its remaining interest in *Condor*

## **Financial Performance**

The Group's balance sheet remains strong and nimble, with cash balances and listed and unlisted securities of approximately US\$11.03 million, with no external debt. Net asset value per share was approximately US cents 8.642 (HK cents 67.53) at the end of 2017.

The Group recorded a loss attributable to shareholders of US\$27.36 million for the year ended 31 December 2017. This was largely due to: (i) an amortisation charge of US\$28.05 million on the intangible asset, being Fortacin™, a non-cash item; (ii) operating expenses of US\$8.85 million; while being offset in part by (iii) a milestone payment from Recordati of US\$5.27 million; and (iv) a marked-to-market gain of US\$4.48 million in respect of the Company's equity portfolio of financial assets at fair value through profit or loss.

Shareholders' equity was US\$158.82 million as at 31 December 2017, a decrease of approximately 12.43% when compared to 31 December 2016, with the decrease being mainly attributable to the loss attributable to shareholders of the Company, which was mainly comprised of the amortization charge of Fortacin™.

As announced on 29 March 2017, the Company successfully undertook a sensible and measured capital raising, by way of a placing and top-up subscription with BOCI Asia Limited, as placing agent, and James Mellon, as vendor, to raise approximately HK\$40.5 million (or approximately US\$5.21 million), gross proceeds, and approximately HK\$38.48 million (or approximately US\$4.95 million), net proceeds. This capital raising put the Group in a strong and robust financial position ahead of the launch of Fortacin™ in Europe in February and March 2018.

## **Healthcare and Life Sciences Focus**

The Group's healthcare and life sciences investments remain its core focus and the Group believes that investments in this sector will create substantial returns for our shareholders in the medium to long term.

In February 2018, the Group commenced the commercial launch of Fortacin™ in Europe. Recordati S.p.A. ("**Recordati**"), the Group's commercial partner, placed its initial purchase order and manufacturing has been completed for the initial launch, with supplies released to all distributors. The Group, as at 31 December 2017, was also able to successfully conclude negotiations with Recordati and was eligible to receive remaining payments of up to EUR 37 million (or approximately US\$44.42 million) plus royalties after hitting certain milestones related to the European roll-out. Further launches have been scheduled

in the rest of Europe, Russia, the Commonwealth of Independent States (CIS) and select countries of North Africa in the coming years.

In addition, the Group has further progressed the New Drug Application with the US Food and Drug Administration, and remains in active discussions with possible commercial partners for the sale and distribution of Fortacin™ in the remaining key markets of China, North America, Latin America and the Asia Pacific regions. The Group is continuing to make positive progress with the Hong Kong Department of Health Drug Office and the Macau Government Health Bureau to acquire import licences to allow for the sale of Fortacin™ in Hong Kong and Macau.

The Company is maintaining and actively monitoring its existing and strategic investment in The Diabetic Boot Company Limited.

#### **Other investments**

During the period, the Company also continued to successfully execute its stated divestment programme of non-core legacy investments as and when acceptable opportunities arose. The company successfully disposed of its entire interest in Condor Gold plc (“**Condor**”) for an aggregate consideration of approximately US\$2.51 million in cash, which was a discloseable transaction of the Group.

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#### **About Regent Pacific**

Regent Pacific is a diversified investment group based in Hong Kong currently holding various corporate and strategic investments focusing on the healthcare and life sciences sectors. Its wholly-owned subsidiary, Plethora Solutions Holdings plc, is a specialty pharmaceutical company whose core product Fortacin™ is the first EU approved topical prescription treatment for Premature Ejaculation that does not act on the central nervous system, launched in the UK in November 2016 and in Italy, France, Germany, Portugal and Spain from February 2018 respectively. It is to be launched subsequently in the Czech Republic, Slovakia, Poland, Romania and Greece, the rest of Europe, Russia, CIS and certain countries of North Africa. The Group has a strong track record of investments and has returned approximately US\$298 million to shareholders in the 20 years of financial reporting since its initial public offering.

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