



(Incorporated in the Cayman Islands with Limited Liability)

Stock Code: 0575

2 March 2021

ANNOUNCEMENT



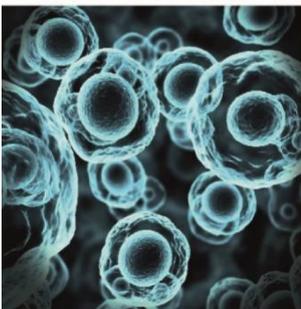
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PROFIT WARNING AND OPERATIONAL UPDATE



This announcement is made by Regent Pacific Group Limited (the “**Company**” and collectively with its subsidiaries, the “**Group**”) in compliance with the disclosure requirements under Rule 13.09 of The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**HK Listing Rules**”) and the Inside Information Provisions (as defined under the HK Listing Rules) under Part XIVA of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong).

PROFIT WARNING



The directors (the “**Directors**” or the “**Board**”) of the Company wish to inform the shareholders of the Company and potential investors that based on the preliminary assessment of the information currently available to the Board, they expect that the Group will record a loss attributable to the equity holders of the Company for the year ended 31 December 2020 of between US\$21 million (or approximately HK\$163.80 million) to US\$25 million (or approximately HK\$195.00 million), which is a substantial decrease as compared to a loss attributable to the equity holders of the Company of US\$66.05 million (or approximately HK\$515.19 million) for the corresponding period in 2019.



The above-mentioned decrease in the loss for the year ended 31 December 2020 as compared to the corresponding period last year is mainly attributable to:

- (i) The preliminary estimated reversal of an impairment loss on the fair value (“**FV**”) of an intangible asset, being Fortacin™, a non-cash item, of approximately US\$6.13 million (or approximately HK\$47.81 million) for the year ended 31 December 2020 (2019: an impairment loss of US\$26 million (or approximately HK\$202.80 million)), the movement is provided below:

	US\$ million
Carrying value as at 31 December 2019	83.04
Amortisation in 2020	(19.41)
Carrying value as at 31 December 2020	<u>63.63</u>
FV as at 31 December 2020	69.76
Reversal of impairment loss on FV of Fortacin™	<u><u>6.13</u></u>

which has been resulted from an independent professional valuation (which is subject to finalisation);

- (ii) The unrealised marked-to-market gain of approximately US\$0.46 million (or approximately HK\$3.59 million) in respect of the Company’s equity portfolio of financial assets at fair value through profit or loss for the year ended 31 December 2020 being higher than in the corresponding period last year (2019: loss of US\$1.10 million (or approximately HK\$8.58 million));
- (iii) No further provision of Australian capital gains tax for the year ended 31 December 2020 being required (2019: US\$6.67 million (or approximately HK\$52.03 million));
- (iv) Research and development expenses relating to the Phase II validation study that is being conducted in the United States of approximately US\$2.46 million (or approximately HK\$19.19 million) recorded for the year ended 31 December 2020 being lower than those in the last year (2019: US\$3.31 million (or approximately HK\$25.82 million)); and

- (v) The amortisation of intangible asset (Fortacin™) of approximately US\$19.41 million (or approximately HK\$151.40 million) recorded for the year ended 31 December 2020 being lower than that in the last year (2019: US\$28.05 million (or approximately HK\$218.79 million)); while the decrease in loss was offset by:
- (vi) The finance cost of approximately US\$1.71 million (or approximately HK\$13.34 million) recorded for the year ended 31 December 2020 being higher than that in the last year (2019: US\$0.62 million (or approximately HK\$4.84 million)).

All other items making up the loss for the year ended 31 December 2020 were similar to those for the last year, albeit the Group has reduced its employee expenses by approximately 30% from the Q2 2020.

OPERATIONAL UPDATE

We are pleased to inform shareholders and potential investors that the marked-to-market performance in respect of the Company's investment in Venturex Resources Limited (ASX: VXR) has significantly improved in the last week and, accordingly and as at 2 March 2021, the Group has an unrealised gain of US\$6.14 million (or approximately HK\$47.89 million) and a marked-to-market value of US\$8.52 million (or approximately HK\$66.46 million) on this investment, representing a 257% increase from 31 December 2020.

As previously announced by the Company on 6 March 2020 and 7 August 2020, Recordati S.p.A. ("**Recordati**"), the Group's European marketing and distribution partner for its lead product, Fortacin™, is based in Italy, and, as such, the Group has been in dialogue with Recordati to assess the situation resulting from the novel coronavirus disease first found in 2019 (the "**COVID-19**") pandemic and its impact on the continued roll-out of Fortacin™. In this respect, Recordati has informed the Group that during 2020, its reference markets continued to be affected by the COVID-19 pandemic due both to the restrictions imposed to limit contagion in all territories, as well as from a cautious management of stocks by wholesalers. Restrictions were imposed on the movement of people, transport, production and commerce, some of which may be in place in certain of its countries in which it operates. While Recordati's pharmaceutical operations were allowed to continue in order to ensure the availability of drugs for patients, all its affiliates had to cease activities engaged by their sales representatives during the "lock down", with such sales activities still being hampered going into 2021. However, in respect of the impairment loss of the European market, this was mainly related to the decrease in the royalty income received from Recordati which is due to the cessation of activities by Recordati's sales representatives during this time and the fact that patients stopped visiting their physician while "lock down" was in place. While complying with all the measures necessary to ensure the health and safety of its employees, Recordati did not interrupt its production and distribution activities and adopted all necessary

measures to guarantee the continued availability on the market of its products. Given the dynamic circumstances and uncertainties surrounding the pandemic, the Group is unable to predict the possible future impacts it may have on the Group's operations.

The Group is hopeful that with the global roll out of the vaccine effort, Recordati may see a gradual recovery in its reference markets after the COVID-19 pandemic in the second half of this year.

The Company continues to closely monitor the potential effect of the COVID-19 pandemic on its business. The Company is currently working with Wanbang Biopharmaceutical Group Co., Ltd. on the commencement of its randomised clinical trial in China and does not foresee any impact to this process with the COVID-19 pandemic. Further operational information will be contained in the Company's final annual results announcement. The Board will continue to monitor the development of the COVID-19 pandemic and assess the potential risks and impact that it may have on the Group's operational and financial performance. The Company will make further announcement(s) as and when necessary.

The financial year concluded on 31 December 2020 and, consequently, the Company is still in the process of finalising the Group's final results, which it expects to announce by no later than 31 March 2021. The information contained in this announcement is only an initial assessment by the Directors based on a preliminary review of the currently available and unaudited management accounts and is not based on any financial data or information that has been audited or reviewed by the Group's auditor. The Company will publish its audited final results for the year ended 31 December 2020 as soon as practicable, but not later than 31 March 2021.

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

Note: Unless otherwise specified herein, the amounts dominated into US\$ have been translated, for the purpose of illustration only, into HK\$ using the exchange rate of US\$1.00 = HK\$7.80.

On Behalf of the Board of
Regent Pacific Group Limited

Jamie Gibson
Executive Director

Directors of the Company:

James Mellon (*Chairman*)*

Jamie Gibson (*Chief Executive Officer*)

David Comba[#]

Julie Oates[#]

Mark Searle[#]

Jayne Sutcliffe*

* *Non-Executive Directors*

Independent Non-Executive Directors

Hong Kong, 2 March 2021