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**THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION**

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**If you are in any doubt** as to any aspect of this circular or as to the action to be taken, you should consult your stockbroker or other registered dealer in securities, bank manager, solicitor, professional accountant or other professional adviser.

**If you have sold** all your shares in Regent Pacific Group Limited, you should, without delay, hand this circular, together with the accompanying proxy form, to the purchaser or to the stockbroker, bank manager or other agent through whom the sale was effected for transmission to the purchaser.

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**REGENT PACIFIC GROUP LIMITED**

*(Incorporated in the Cayman Islands with limited liability)*

**(Stock code: 0575)**

**VERY SUBSTANTIAL AND CONNECTED ACQUISITION:  
CONDITIONAL ALL SHARE TAKEOVER OFFER  
FOR PLETHORA SOLUTIONS HOLDINGS PLC**

**(to be effected by way of a scheme of arrangement  
under Part 26 of the Companies Act 2006)**

**Independent financial adviser to  
the Independent Board Committee  
and the Independent Shareholders:**

**ALTUS CAPITAL LIMITED**

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A notice convening the extraordinary general meeting of Regent Pacific Group Limited is set out in pages EGM-1 to EGM-3 of this circular. Whether or not you are able to attend the meeting, please complete the accompanying form of proxy in accordance with the instructions printed thereon and return it to the Company Secretary at the Company's principal place of business in Hong Kong as soon as possible but in any event not later than 11:00 a.m. on Monday, 29 February 2016. Completion and return of the form of proxy will not prevent you from attending and voting in person at the meeting or any adjourned meeting if you so wish.

4 February 2016

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## DEFINITIONS

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*In this circular, the following expressions have the following meanings unless the context requires otherwise:*

<b>“AUD” or “A\$”</b>	Australian dollars, the lawful currency in Australia
<b>“AIM”</b>	the Alternative Investment Market, a market operated by the London Stock Exchange
<b>“AIM Rules”</b>	the “AIM Rules for Companies” as published by the London Stock Exchange
<b>“acting in concert”</b>	has the meaning ascribed to it under the HK Takeover Code
<b>“associates”</b>	shall have the meaning defined in the Exchange Rules
<b>“ASX”</b>	the Australian Securities Exchange
<b>“Articles of Association”</b>	the articles of association of the Company, copies of which are available on the websites of the Exchange and the Company
<b>“Authorisations”</b>	regulatory authorisations, orders, recognitions, grants, consents, clearances, confirmations, certificates, licences, permissions or approvals
<b>“Board”</b>	the board of directors of the Company
<b>“Business Day”</b>	a day which is not a Saturday, Sunday or a public holiday in Hong Kong or London, England
<b>“Catalent”</b>	Catalent Pharma Solutions, LLC, a subsidiary of Catalent, Inc., a corporation incorporated in Delaware and whose shares are traded on the New York Exchange
<b>“CCASS”</b>	the Central Clearing and Settlement System, being the securities settlement system used within the Exchange
<b>“CfE”</b>	Capital for Enterprise Fund A L.P.
<b>“CfE Warrants”</b>	the warrants issued by Plethora on 29 June 2010 to Capital for Enterprise Fund A L.P., as amended on 18 March 2013, which expire on 31 March 2023, and if exercised, are convertible at the nominal value of Plethora Shares (being 1 penny per Plethora Share) into an amount of Plethora Shares equal to 3 per cent. of Plethora’s fully diluted share capital (including Plethora Shares issued under this instrument and all other Plethora Shares capable of being issued under outstanding warrants, options or rights to subscribe), which would be 32,471,058 new Plethora Shares if calculated as at the Latest Practicable Date

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## DEFINITIONS

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<b>“China”</b>	People’s Republic of China
<b>“Closing Price”</b>	the closing middle market price of a Plethora Share as derived from the AIM appendix to the Daily Official List for Plethora or the median of five nominal prices of a Share in the last minute of the continuous trading session under the Exchange for the Company
<b>“Company” or “Regent Pacific”</b>	Regent Pacific Group Limited, a company incorporated in the Cayman Islands with limited liability, the Shares of which are listed on the Exchange
<b>“Companies Act”</b>	The Companies Act 2006, as amended, modified, consolidated, re-enacted or replaced from time to time
<b>“Concert Parties”, together the “Concert Party”</b>	all Directors, together with the Declared Concert Party Group, Anthony Baillieu and Greg Bailey (and their respective associates), for the purposes of the UK Takeover Code in respect of the Transaction
<b>“Confidentiality Agreement”</b>	has the meaning given to it in the paragraph headed “Confidentiality Agreement” in the “Letter from the Board” of this circular
<b>“connected person(s)”</b>	shall have the meaning defined in Chapter 14A of the Exchange Rules
<b>“Consideration Shares”</b>	up to 14,047,113,239 new Shares will be issued credited as fully paid by the Company pursuant to the Transaction, calculated in accordance with the sources of information and bases of calculation set out in Appendix II to this circular
<b>“control”</b>	has the meaning ascribed to it under the HK Takeover Code
<b>“Cost Indemnity”</b>	has the meaning given to it in the paragraph headed “Cost Indemnity” in the “Letter from the Board” of this circular
<b>“Cost Indemnity Agreement”</b>	the agreement entered into on 15 December 2015 between: (i) the Company; and (ii) Plethora in relation to the Cost Indemnity
<b>“CREST”</b>	the system operated by Euroclear for the paperless settlement of trades in securities and the holding of uncertificated securities in accordance with the CREST Regulations
<b>“CREST Regulations”</b>	the Uncertificated Securities Regulations 2001 (SI 2001 No. 3755) (as amended)

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## DEFINITIONS

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<b>“Dealing Disclosure”</b>	has the meaning given in Rule 8 of the UK Takeover Code
<b>“Declared Concert Party Group”</b>	James Mellon and Jayne Sutcliffe (both Directors), together with Anderson Whamond, who are regarded as acting in concert for the purpose of the HK Takeover Code and have registered the combined voting rights of the Company held by them (being 589,933,006 Shares in aggregate) with the SFC under the transitional provisions in Rule 26.6 of the HK Takeover Code
<b>“Director(s)” or “Company Director(s)”</b>	the directors of the Company
<b>“Disclosed”</b>	the information disclosed by, or on behalf of Plethora, (i) in the annual report and accounts of the Plethora Group for the financial year ended 31 December 2014; (ii) the Plethora interim results for the six month period ended on 30 June 2015; (iii) in the Firm Offer Announcement or in the HK VSA Announcement; or (iv) in any other announcement to a Regulatory Information Service by, or on behalf of Plethora prior to the Firm Offer Announcement
<b>“Effective”</b>	in the context of the Transaction: (i) if the Transaction is implemented by way of the Scheme, the Scheme having become effective pursuant to its terms; or (ii) if the Transaction is implemented by way of an Offer, the Offer having been declared or having become unconditional in all respects in accordance with the requirements of the UK Takeover Code
<b>“Effective Date”</b>	the date on which the Transaction becomes Effective
<b>“EGM Notice”</b>	the notice convening the Extraordinary General Meeting as set out in pages EGM-1 to EGM-3 of this circular
<b>“EMA”</b>	the European Medicines Agency, being the decentralised agency of the European Union, responsible for the scientific evaluation of medicines developed by pharmaceutical companies for use in the European Union
<b>“Enlarged Group”</b>	the Group and the Plethora Group following the Transaction becoming Effective
<b>“EU”</b>	the European Union
<b>“Euroclear”</b>	Euroclear UK & Ireland Limited, incorporated in England and Wales with registered number 2878738
<b>“Exchange”</b>	The Stock Exchange of Hong Kong Limited

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## DEFINITIONS

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<b>“Exchange Ratio”</b>	means for each Plethora Share, 15.7076 new Consideration Shares to be issued under the terms of the Transaction
<b>“Exchange Rules”</b>	The Rules Governing the Listing of Securities on the Exchange, as amended from time to time
<b>“Extraordinary General Meeting” or “EGM”</b>	the extraordinary general meeting convened to be held on Wednesday, 2 March 2016, the notice of which is set out in pages EGM-1 to EGM-3 of this circular, to consider and approve the Transaction (including the issuance and allotment of the Consideration Shares)
<b>“EUR” or “€”</b>	Euro, being the currency used by the Institutions of the EU and is the official currency of the Eurozone
<b>“FDA”</b>	the Food and Drug Administration, being the agency in the US responsible for protecting and promoting public health through the regulation and supervision of various products
<b>“FCA” or “Financial Conduct Authority”</b>	the Financial Conduct Authority acting in its capacity as the competent authority for the purposes of Part VI of the UK Financial Services and Markets Act 2000
<b>“Firm Offer Announcement”</b>	the joint announcement by the Company and Plethora on AIM regarding a firm offer for Plethora by the Company dated 15 December 2015 in accordance with Rule 2.7 of the UK Takeover Code
<b>“Fundraising Warrants”</b>	has the meaning given to it in the paragraph headed “Details of the Plethora Convertible Instruments” in the “Letter from the Board” of this circular
<b>“Galloway Warrants”</b>	the warrants issued by Plethora on 17 October 2011 to Galloway Limited (an associate of James Mellon), as amended on 18 March 2013, which expire on 31 March 2023, and, if exercised, are convertible at a price of 1.25 pence per Plethora Share into an amount of Plethora Shares equal to 5 per cent. of Plethora’s fully diluted share capital (which includes Plethora Shares issued under this instrument and all other Plethora Shares capable of being issued under outstanding warrants, options or rights to subscribe), which would be 54,118,431 new Plethora Shares if calculated as at the Latest Practicable Date
<b>“GBP” or “£”</b>	Great British Pounds, the lawful currency in the UK

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## DEFINITIONS

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<b>“GMP”</b>	good manufacturing practice
<b>“Group”</b>	the Company and its subsidiaries
<b>“Herax Partners LLP”</b>	Herax Partners LLP, which is acting as independent financial adviser to Plethora, under Rule 3 of the UK Takeover Code, in relation to the Transaction
<b>“HKD” or “HK\$”</b>	Hong Kong dollars, the lawful currency in Hong Kong
<b>“HK Takeover Code”</b>	The Hong Kong Codes on Takeovers and Mergers and Share Repurchases
<b>“HK VSA Announcement”</b>	the very substantial and connected acquisition announcement issued by the Company on 15 December 2015 on the Exchange regarding the Transaction
<b>“HKFRS”</b>	the Hong Kong Accounting Standards, Hong Kong Financial Reporting Standards and Interpretations issued by the Hong Kong Institute of Certified Public Accountants
<b>“Hong Kong Main Board”</b>	the Main Board of the Exchange
<b>“IFRS”</b>	the International Financial Reporting Standards
<b>“Independent Board Committee”</b>	the independent board committee established by the Company, comprising David Comba and Julie Oates, both being Independent Non-Executive Directors of the Company, to advise the Independent Shareholders on the Transaction
<b>“Independent Financial Adviser”</b>	Altus Capital Limited, being the independent financial adviser appointed by the Company to advise the Independent Board Committee and the Independent Shareholders on the Transaction
<b>“Independent Plethora Director”</b>	Michael G Wyllie
<b>“Independent Regent Pacific Director(s)”</b>	David Comba and Julie Oates
<b>“Independent Shareholder(s)”</b>	Shareholders other than the Declared Concert Party Group, Jamie Gibson, Mark Searle, Anthony Baillieu and Greg Bailey (and their respective associates)
<b>“JM Convertible Loan”</b>	has the meaning given to it in the paragraph headed “Details of the Plethora Convertible Instruments” in the “Letter from the Board” of this circular



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## DEFINITIONS

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<b>“Latest Practicable Date”</b>	Friday, 29 January 2016, being the latest practicable date prior to the printing of this circular for ascertaining certain information for inclusion in this circular
<b>“Loan”</b>	the interest bearing unsecured term loan facility in an aggregate amount equal to £1 million provided by the Company to Plethora on the terms and conditions of the Loan Agreement
<b>“Loan Agreement”</b>	the loan agreement entered into on 23 December 2015 between: (i) the Company (as lender); and (ii) Plethora (as borrower) in relation to the provision of the Loan
<b>“London Stock Exchange”</b>	London Stock Exchange plc
<b>“Long Stop Date”</b>	30 September 2016
<b>“Memorandum and Articles of Association”</b>	the memorandum and articles of association of the Company, copies of which are available on the websites of the Exchange and the Company
<b>“Model Code”</b>	The Model Code for Securities Transactions by Directors of Listed Issuers set out in Appendix 10 to the Exchange Rules, as amended from time to time
<b>“New Drug Application” or “NDA”</b>	the process through which drug sponsors formally propose that the FDA approve a new pharmaceutical for sale and marketing in the US
<b>“Offer”</b>	should the Transaction be implemented by way of a takeover offer as defined in Chapter 3 of Part 28 of the Companies Act, the recommended offer to be made by or on behalf of the Company to acquire the entire issued and to be issued share capital of Plethora and, where the context admits, any subsequent revision, variation, extension or renewal of such offer
<b>“Offer Period”</b>	the offer period (as defined by the UK Takeover Code) relating to Plethora which commenced on 4 November 2015 immediately following the release of the Possible Offer Announcement
<b>“Opening Position Disclosure”</b>	has the same meaning as in Rule 8 of the UK Takeover Code
<b>“Option(s)”</b>	in relation to the information contained in the “General information” in Appendix X, the options granted and exercisable under the Share Option Scheme (2002)

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## DEFINITIONS

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<b>“Overseas Plethora Shareholders”</b>	Plethora Shareholders (or nominees of, or custodians or trustees for Plethora Shareholders) not resident in, or nationals or citizens of, the United Kingdom
<b>“penny” or “pence”</b>	Great British penny or pence, the lawful currency in the UK
<b>“Pharmaserve”</b>	Pharmaserve (North West) Ltd, a private limited company registered in England and Wales with registered number 06368662
<b>“Plethora”</b>	Plethora Solutions Holdings plc, a limited liability company incorporated in England and Wales with registered number 05341366 and whose securities are admitted to trading on AIM
<b>“Plethora Board”</b>	the board of directors of Plethora
<b>“Plethora Convertible Instruments”</b>	has the meaning given to it in the paragraph headed “Details of the Plethora Convertible Instruments” in the “Letter from the Board” of this circular
<b>“Plethora Court Meeting”</b>	the meeting of the Plethora Shareholders who hold Scheme Shares to be convened pursuant to an order of the UK Court under the Companies Act for the purpose of considering and, if thought fit, approving the Scheme, including any adjournment thereof
<b>“Plethora Director(s)”</b>	the directors of Plethora
<b>“Plethora Forms of Proxy”</b>	forms of proxy in connection with each of the Plethora Court Meeting and the Plethora General Meeting, which will accompany the Scheme Document
<b>“Plethora General Meeting”</b>	the general meeting of Plethora Shareholders (including any adjournment thereof) to be convened in connection with the Scheme
<b>“Plethora Group”</b>	Plethora and its subsidiaries
<b>“Plethora LTIP”</b>	the Plethora Solutions Holdings plc Long Term Incentive Plan
<b>“Plethora Meetings”</b>	the Plethora Court Meeting and the Plethora General Meeting
<b>“Plethora Option Scheme”</b>	the Plethora Solutions Holdings plc Executive Share Option Scheme
<b>“Plethora Remuneration Committee”</b>	the remuneration committee of the Plethora Board

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## DEFINITIONS

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<b>“Plethora Shareholder(s)”</b>	the holder, or the holders, of Plethora Shares
<b>“Plethora Share(s)”</b>	the fully paid ordinary shares of 1 penny each in the capital of Plethora
<b>“Possible Offer Announcement”</b>	the joint announcement by the Company and Plethora regarding a possible offer for Plethora by the Company dated 4 November 2015 to both the Exchange as well as on AIM
<b>“PRA”</b>	the Prudential Regulation Authority, the competent authority in the UK responsible for the prudential regulation and supervision of banks, building societies, credit unions, insurers and major investment firms
<b>“PRC”</b>	the People’s Republic of China excluding, for the purposes of this circular, the Special Administrative Regions of Hong Kong and Macau
<b>“PSD502™”</b>	Plethora’s proprietary product for the treatment for premature ejaculation PSD502™
<b>“Recordati”</b>	Recordati Ireland Ltd, a subsidiary of Recordati S.p.A
<b>“Registrar of Companies”</b>	the Registrar of Companies in England and Wales
<b>“Relevant Broker”</b>	either (i) a UK bank or securities broker firm with Hong Kong counterparts; or (ii) Hong Kong bank or securities broker firm, in each case that is able to trade on the Exchange, as further referred to in the Risk Factors on page 112 of this circular
<b>“Restricted Jurisdiction”</b>	the United States and any other jurisdiction where the extension or availability of the Transaction would break any applicable law
<b>“Restricted Overseas Person”</b>	Plethora Shareholders resident in, or nationals or citizens of, Restricted Jurisdictions or who are nominees or custodians, trustees or guardians for, citizens, residents or nationals of such Restricted Jurisdictions
<b>“Scheme”</b>	the proposed scheme of arrangement under Part 26 of the Companies Act between Plethora and the Scheme Shareholders set out in the Scheme Document in connection with the Transaction, with or subject to any modification, addition or condition approved or imposed by the UK Court and agreed to by Plethora and the Company
<b>“Scheme Court Hearing”</b>	the hearing by the UK Court of the claim form to sanction the Scheme

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## DEFINITIONS

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<b>“Scheme Court Order”</b>	the order of the UK Court sanctioning the Scheme under section 899 of the Companies Act
<b>“Scheme Document”</b>	the document dated 4 February 2016 sent to holders of Plethora Shares of which the Scheme forms part of and containing, <i>inter alia</i> , the Scheme and the notices convening the Plethora Meetings
<b>“Scheme Record Time”</b>	6.00 p.m. (UK time) on the Business Day immediately preceding the Scheme Court Hearing
<b>“Scheme Shareholders”</b>	registered holders of Scheme Shares
<b>“Scheme Shares”</b>	the Plethora Shares: (i) in issue at 6.00 p.m. (UK time) on the date of the Scheme; (ii) (if any) issued after 6.00 p.m. (UK time) on the date of the Scheme and before the Voting Record Time; and (iii) (if any) issued at or after the Voting Record Time and before the Scheme Record Time, either on terms that the original or any subsequent holders of such shares shall be bound by the Scheme, or in respect of which the original or any subsequent holders of such shares are, or shall have agreed in writing to be, bound by the Scheme
<b>“SEC”</b>	The US Securities and Exchange Commission
<b>“Securities and Futures Ordinance” or “SFO”</b>	The Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong), as amended from time to time
<b>“SFC”</b>	Securities and Futures Commission of Hong Kong
<b>“Share Option Scheme (2002)”</b>	in relation to the information contained in the “General information” in Appendix X, the share option scheme of the Company named the “Share Option Scheme (2002)” established with the shareholders’ approval on 15 November 2002 and terminated on 15 November 2012 upon expiry of the duration prescribed in its rules, with the provisions of the rules of the scheme remaining in full force and effect to the extent necessary to give effect to the exercise of any options granted and remaining outstanding prior to the date of the expiry
<b>“Shareholder(s)”</b>	the holders of the Shares
<b>“Share(s)”</b>	the ordinary shares, with voting rights, of US\$0.01 each in the capital of the Company, which are listed on the Exchange

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## DEFINITIONS

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<b>“Significant Interest”</b>	in relation to an undertaking, a direct or indirect interest of 20 per cent. or more of the total voting rights conferred by the equity share capital (as defined in section 548 of the Companies Act) of such undertaking
<b>“Special Resolution”</b>	the special resolution to be proposed at the Plethora General Meeting in connection with, <i>inter alia</i> , the approval of the Scheme and such other matters as may be necessary to implement the Scheme
<b>“Third Party”</b>	each of a central bank, government or governmental, quasi-governmental, supranational, statutory, regulatory, environmental, administrative, fiscal or investigative body, court, trade agency, association, institution, environmental body, employee representative body or any other body or person whatsoever in any jurisdiction
<b>“Total Shareholder Returns”</b>	the combined return to shareholders from dividends and share price movement as a cumulative calculation, with net dividends re-invested on the ex-dividend date
<b>“Transaction”</b>	the proposed acquisition by the Company of the entire issued and to be issued ordinary share capital of Plethora (other than Plethora Shares held by the Group) by means of the Scheme (and other matters to be considered at the Plethora Meetings), or should the Company so elect, by means of an Offer made by or on behalf of the Company for the entire issued and to be issued share capital of Plethora (other than Plethora Shares held by the Group) and, where the context permits, any subsequent revision, variation, extension or renewal thereof
<b>“UK” or “United Kingdom”</b>	the United Kingdom of Great Britain and Northern Ireland
<b>“UK Court”</b>	the High Court of Justice of England and Wales
<b>“UK Takeover Code”</b>	the City Code on Takeovers and Mergers
<b>“UK Takeover Panel”</b>	the Panel on Takeovers and Mergers of the United Kingdom
<b>“UKLA”</b>	the UK Listing Authority, being the FCA acting in its capacity as the competent authority for the purposes of Part VI of the Financial Services and Markets Act 2000
<b>“US” or “United States”</b>	the United States of America, its territories and possessions, any state of the United States of America, the District of Columbia and all other areas subject to its jurisdiction and any political sub-division thereof
<b>“USD” or “US\$”</b>	United States dollars, the lawful currency in the United States

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## DEFINITIONS

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<b>“US Exchange Act”</b>	the US Securities Exchange Act of 1934
<b>“US Securities Act”</b>	the US Securities Act of 1933
<b>“Voting Record Time”</b>	6.00 p.m. (UK time) on 29 February 2016 or, if the Plethora Court Meeting is adjourned, 6.00 p.m. (UK time) on the day which is two days immediately before the date fixed for the adjourned meeting
<b>“Wider Plethora Group”</b>	Plethora and associated undertakings and any other body corporate, partnership, joint venture or person in which Plethora and such undertaking (aggregating their interests) have a Significant Interest
<b>“Wider Regent Pacific Group”</b>	the Company and associated undertakings and any other body corporate, partnership, joint venture or person in which the Company and such undertaking (aggregating their interests) have a Significant Interest

*Note:* Unless otherwise specified herein, (i) amounts denominated in GBP have been translated, for the purpose of illustration only, into USD using the exchange rate of £1.00 = US\$1.4182; (ii) amounts denominated in EUR have been translated, for the purpose of illustration only, into USD using the exchange rate of €1.00 = US\$1.0831; (iii) amounts denominated in AUD have been translated, for the purpose of illustration only, into USD using the exchange rate of A\$1.00 = US\$0.7070; and (iv) amounts denominated in USD have been translated, for the purpose of illustration only, into HKD using the exchange rate of US\$1.00 = HK\$7.7882.

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## EXPECTED TIMETABLE OF THE TRANSACTION

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Set out below is an indicative timetable of the Transaction. **The timetable is subject to change due to various factors, such as regulatory approvals, market conditions and commercial decisions. The Company will notify the Shareholders of any material change to the expected timetable as and when appropriate.**

4 November 2015	Publication of the Possible Offer Announcement
15 December 2015	Publication of the Firm Offer Announcement in the United Kingdom and the HK VSA Announcement in Hong Kong
4 February 2016	Despatch of this circular (setting out further details of the Transaction) in Hong Kong and of the Scheme Document in United Kingdom
2 March 2016	Holding of the Extraordinary General Meeting in Hong Kong and the Plethora Court Meeting and the Plethora General Meeting in the United Kingdom
7 March 2016	Last day of dealings in, and for registration of transfer and disablement in CREST of, Plethora Shares
7 March 2016 (6:00 p.m., UK time)	Scheme Record Time
8 March 2016 (7:30 a.m., UK time)	Dealings in Plethora Shares suspended
8 March 2016	Hearing of the UK Court to sanction the Scheme
9 March 2016	Expected Effective Date of the Scheme
9 March 2016	Consideration Shares to be issued
10 March 2016* (9:00 a.m., Hong Kong time, 2:00 a.m., UK time)	Admission of the Consideration Shares to the Hong Kong Main Board and commencement of dealings in Consideration Shares on the Exchange
11 March 2016	Cancellation of admission to trading on AIM of, and cessation of dealings in, Plethora Shares
on or by 23 March 2016	Latest date of despatch of share certificates for the Consideration Shares
30 September 2016**	Long Stop Date, being the date by which the Scheme must be implemented

\* The dates and times above are indicative only and will depend, inter alia, on the date on which: (i) the conditions are either satisfied or waived (to the extent they are capable of being waived); (ii) the UK Court sanctions the Scheme; and (iii) the copy of the Scheme Court Order is delivered to the Registrar of Companies. If any of the expected dates or times change, the Company will give adequate notice of any change by issuing an announcement or announcements, as the case may require. Please also refer to the risk factor entitled "Potential delay in trading Consideration Shares" on page 112 of this circular in the "Risk factors" in relation to the practical requirements and timing considerations before Scheme Shareholders can in practice begin trading Consideration Shares on the Exchange, which may be four weeks or longer following this date.

\*\* This date may be extended to such date as the Company and Plethora may agree and, if required, the UK Takeover Panel and the UK Court may allow.

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## LETTER FROM THE BOARD

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### REGENT PACIFIC GROUP LIMITED

*(Incorporated in the Cayman Islands with limited liability)*

**(Stock code: 0575)**

*Executive Director:*

Jamie Gibson (*Chief Executive Officer*)

*Non-Executive Directors:*

James Mellon (*Co-Chairman*)

Stephen Dattels (*Co-Chairman*)

David Comba<sup>#</sup>

Julie Oates<sup>#</sup>

Mark Searle<sup>#</sup>

Jayne Sutcliffe

*Registered office:*

P.O. Box 309

Ugland House

Grand Cayman

KY1-1104

Cayman Islands

*Principal place of business in Hong Kong:*

8th Floor

Henley Building

5 Queen's Road Central

Hong Kong

<sup>#</sup> *Independent Non-Executive Directors*

4 February 2016

*To the shareholders of Regent Pacific Group Limited*

Dear Sir or Madam

**VERY SUBSTANTIAL AND CONNECTED TRANSACTION:  
CONDITIONAL ALL SHARE TAKEOVER OFFER  
FOR PLETHORA SOLUTIONS HOLDINGS PLC**

**(to be effected by way of a scheme of arrangement  
under Part 26 of the Companies Act 2006)**

#### **1 INTRODUCTION**

The Board of the Company and the Independent Plethora Director jointly announced on 4 November 2015, by way of the Possible Offer Announcement, that they have reached agreement in principle on the key terms of a possible share exchange offer to be made by the Company for all the issued and to be issued share capital of Plethora not already owned by the Company.



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## LETTER FROM THE BOARD

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Further to the Possible Offer Announcement, the Company announced on 15 December 2015 that it had, on 15 December 2015 (after market close) reached agreement with the Independent Plethora Director on the terms of a recommended share-for-share takeover offer, pursuant to which the Company will acquire the entire issued and to be issued ordinary share capital of Plethora not already owned by the Company. The Company made this announcement in Hong Kong by way of the HK VSA Announcement as well as jointly with Plethora in the United Kingdom by way of the Firm Offer Announcement. It is proposed that the Transaction will be effected by means of a scheme of arrangement of Plethora in the UK under Part 26 of the Companies Act (although the Company reserves the right to effect the Transaction by way of an Offer).

The Transaction constitutes a very substantial and connected acquisition of the Company under Chapters 14 and 14A of the Exchange Rules and requires approval of the Independent Shareholders in general meeting of the Company. The Company proposes to seek from the Independent Shareholders at the Extraordinary General Meeting an approval for the Transaction (including the issuance and allotment of the Consideration Shares).

Given their interests held in the Transaction, the Declared Concert Party Group, Jamie Gibson, Mark Searle, Anthony Baillieu and Greg Bailey (and their respective associates) will be required to abstain from voting in respect of the proposed resolution(s) at the Extraordinary General Meeting.

The Independent Board Committee has been established by the Company, comprising David Comba and Julie Oates, both being Independent Non-Executive Directors, to advise the Independent Shareholders on the Transaction. Altus Capital Limited has been appointed by the Company as the Independent Financial Adviser to advise the Independent Board Committee on the Transaction.

This circular provides Shareholders with all the information reasonably necessary to enable them to make an informed decision as to whether to vote in favour of the resolution(s) proposed at the Extraordinary General Meeting to approve the Transaction (including the issuance and allotment of the Consideration Shares), as set out in detail in the EGM Notice. Letters from the Independent Board Committee and the Independent Financial Adviser setting out their advice and recommendations to the Independent Shareholders are included in this circular.

## 2 THE TRANSACTION

### (a) Date

15 December 2015

### (b) Parties

Acquiror: Regent Pacific Group Limited

Target: Plethora Solutions Holdings plc

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## LETTER FROM THE BOARD

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**(c) Interests to be acquired**

All of the issued and to be issued ordinary share capital of Plethora (other than those already owned by the Company), together with the proposals outlined in paragraph 2(o) on pages 29 to 32 of this circular in respect of the Plethora LTIP and the Plethora Convertible Instruments.

**(d) Transaction structure**

It is proposed that the Transaction will be effected by means of a UK Court-approved scheme of arrangement between Plethora and Plethora Shareholders in the UK under Part 26 of the Companies Act (although the Company reserves the right to effect the Transaction by way of an Offer). The purpose of the Scheme is to provide for the Company to become the holder of the entire issued and to be issued ordinary share capital of Plethora not already owned by it. This is to be achieved by the transfer of the Plethora Shares to the Company, in consideration for which the Plethora Shareholders (other than the Company) will receive the Consideration Shares on the basis set out below.

**(e) Transaction consideration**

Under the terms of the Transaction, which is subject to the conditions and further terms set out below and in Appendix I to this circular and in the Scheme Document, each Plethora Shareholder (other than the Company) will receive:

<b>for each Plethora Share</b>	<b>15.7076 new Shares</b>
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Fractions of new Shares will not be allotted or issued pursuant to the Transaction and fractional entitlements will be rounded down to the nearest whole number of new Shares.

Under the terms of the Transaction and upon the Scheme becoming Effective, it is expected, assuming no further Plethora Shares are issued prior to the Scheme becoming Effective, that Plethora Shareholders and holders of awards under the Plethora LTIP and the Plethora Convertible Instruments (other than the Company) will, in aggregate, receive up to 14,047,113,239 new Shares as Consideration Shares. Assuming no further Shares are issued prior to the Effective Date, these Consideration Shares will represent approximately 80.12 per cent. of the issued share capital of the Enlarged Group and result in the Company's issued share capital increasing by 403 per cent., and in the holdings of existing Independent Shareholders being diluted, such that they will hold approximately 14.02 per cent. of the issued share capital of the Enlarged Group.

The sources of information and the bases of calculation used to calculate, among other things, the number of Consideration Shares to be issued is set out in Appendix II to this circular.

In such circumstances, it is anticipated that, subject to certain restrictions, the Consideration Shares will be issued to the relevant Plethora Shareholders and holders of awards under the Plethora LTIP and the Plethora Convertible Instruments on the Plethora register at the Scheme Record Time, being 6.00 p.m. (UK time) on the Business Day immediately preceding the Scheme Court Hearing.

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## LETTER FROM THE BOARD

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On the basis of the Closing Price of a Share of HK\$0.069 on 29 January 2016 (being the Latest Practicable Date), the Transaction represents an indicative value for each Plethora Share of 9.81 pence (or approximately US\$0.139 or HK\$1.084), values the entire issued ordinary share capital of Plethora at approximately £80.78 million (or approximately US\$114.56 million or HK\$892.23 million) and values the fully diluted share capital of Plethora at approximately £96.27 million (or approximately US\$136.53 million or HK\$1,063.32 million). The Transaction at the indicative value of 9.81 pence (or approximately US\$0.139 or HK\$1.084) per Plethora Share represents an indicative premium of approximately:

- 256.8 per cent. to the Closing Price per Plethora Share on AIM of 2.75 pence (or approximately US\$0.042 or HK\$0.322) on 3 November 2015 (being the last Business Day prior to the publication of the Possible Offer Announcement, which commenced the Offer Period);
- 241.3 per cent. to the Closing Price per Plethora Share on AIM of 2.875 pence (or approximately US\$0.041 or HK\$0.318) on 29 January 2016 (being the Latest Practicable Date); and
- 222.8 per cent. to the 30 day volume-weighted average price of Plethora Shares on AIM of 3.04 pence (or approximately US\$0.043 or HK\$0.336) for the period from 4 October 2015 to 3 November 2015 (being the last Business Day prior to publication of the Possible Offer Announcement, which commenced the Offer Period, and the HK VSA Announcement).

On the basis of the Closing Price of a Share of HK\$0.095 on 3 November 2015 (being the last Business Day prior to the publication of the Possible Offer Announcement, which commenced the Offer Period), the Transaction represents an indicative value for each Plethora Share of 12.5 pence (or approximately US\$0.193 or HK\$1.496), values the entire issued ordinary share capital of Plethora at approximately £102.9 million (or approximately US\$158.5 million or HK\$1,228.4 million) and values the fully diluted share capital of Plethora at approximately £122.6 million (or approximately US\$188.8 million or HK\$1,463.3 million). The Transaction at the indicative value of 12.5 pence (or approximately US\$0.193 or HK\$1.496) per Plethora Share represents an indicative premium of approximately:

- 354.5 per cent. to the Closing Price per Plethora Share on AIM of 2.75 pence (or approximately US\$0.042 or HK\$0.322) on 3 November 2015 (being the last Business Day prior to the publication of the Possible Offer Announcement, which commenced the Offer Period);
- 334.8 per cent. to the Closing Price per Plethora Share on AIM of 2.875 pence (or approximately US\$0.041 or HK\$0.318) on 29 January 2016 (being the Latest Practicable Date); and

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## LETTER FROM THE BOARD

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- 311.7 per cent. to the 30 day volume-weighted average price of Plethora Shares on AIM of 3.04 pence (or approximately US\$0.043 or HK\$0.336) for the period from 4 October 2015 to 3 November 2015 (being the last Business Day prior to the publication of the Possible Offer Announcement, which commenced the Offer Period).

**(f) Conditions**

The conditions to the Transaction are set out in full in Appendix I to this circular and in the Scheme Document. The Transaction is conditional, *inter alia*, upon the following events occurring on or before the Long Stop Date or such later date as the Company and Plethora agree and (if required) the UK Court and the UK Takeover Panel may allow:

- (i) approval of the Scheme by a majority in number of the Scheme Shareholders present and voting, either in person or by proxy, and who represent not less than 75 per cent. in value of the Plethora Shares voted by these Scheme Shareholders at the Plethora Court Meeting or at any adjournment of such meeting on or before 24 March 2016 (or such later date, if any, as the Company and Plethora may agree and the UK Court allow);
- (ii) approval of the Special Resolution required to approve and implement the Scheme as set out in the notice of the Plethora General Meeting being duly passed by the requisite majority of Plethora Shareholders at the Plethora General Meeting or at any adjournment of that meeting on or before 24 March 2016 (or such later date, if any, as the Company and Plethora may agree and the UK Court allow);
- (iii) the sanction of the Scheme by the UK Court with or without modification (but subject to any such modification being acceptable to the Company and Plethora) and the delivery of a copy of the Scheme Court Order to the Registrar of Companies;
- (iv) the Scheme Court Hearing to sanction the Scheme being held on or before 30 March 2016 (or such later date, if any, as the Company and Plethora may agree and the UK Court allow);
- (v) the passing at the Extraordinary General Meeting of such resolution or resolutions as are necessary to approve, implement and effect the Transaction including a resolution to approve the Transaction and to authorise the creation and allotment of the Consideration Shares and to increase the authorised share capital of the Company; and
- (vi) the Listing Committee of the Exchange granting the listing of, and permission to deal in, the Consideration Shares.

Save as otherwise described above, the conditions referred to in paragraphs (i) to (vi) above are not capable of being waived, in whole or in part.

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## LETTER FROM THE BOARD

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Applications have been made by the Company to the Listing Committee of the Exchange to grant the listing of, and permission to deal in, the Consideration Shares on the Exchange. It is currently expected that the listing of, and permission to deal in, the Consideration Shares will become effective and that, technically, dealings for normal settlement in the Consideration Shares will commence on the Exchange at or shortly after 9:00 a.m. Hong Kong time (2:00 a.m. London time) on the first Business Day after the Effective Date which, subject to the satisfaction of certain conditions, including the sanction of the Scheme by the UK Court, is expected to be on 10 March 2016. However, as further noted in the risk factor entitled “Potential delay in trading Consideration Shares” on page 112 of this circular in the “Risk factors”, there might be a period of delay (of approximately four weeks or longer following the Effective Date) before Plethora Shareholders can, in practice, trade their Consideration Shares on the Exchange.

Under the Companies Act, and as indicated above, the Scheme requires the sanction of the UK Court. The hearing by the UK Court to sanction the Scheme is expected to be held on 8 March 2016, subject to the satisfaction or waiver of the other conditions. The Company can confirm that it will be represented by Counsel at such hearing so as to consent to the Scheme and to undertake to the UK Court to be bound thereby.

The Company (and any other members of the Group, or their nominees) will not attend or vote at the Plethora Court Meeting. Other persons who are Concert Parties of Regent Pacific (including the Directors) are not restricted from attending or voting at either the Plethora Court Meeting or the Plethora General Meeting and it is their intention to vote such Plethora Shares (or procure that such shares are voted) representing, in aggregate, approximately 19.14 per cent. of Plethora’s total ordinary share capital as at the Latest Practicable Date, in favour of the Scheme at the Plethora Court Meeting and the Plethora General Meeting. Once the necessary approvals from Plethora Shareholders have been obtained and the other conditions have been satisfied or (where applicable) waived, the Scheme will become Effective following sanction by the UK Court, upon the delivery of a copy of the Scheme Court Order to the Registrar of Companies.

**(g) The Scheme becoming Effective**

If the Scheme becomes Effective, it will be binding on all Scheme Shareholders, irrespective of whether or not they attended or voted at the Plethora Court Meeting or the Plethora General Meeting, and the Scheme Shares will be transferred to the Company, under the Scheme, fully paid and free from all liens, equities, charges, encumbrances, options, rights of pre-emption and any other third party rights and interests of any nature and together with all rights now or hereafter attaching or accruing to them, including voting rights and the right to receive and retain in full all dividends and other distributions (if any) declared, made or paid on or after the date of the Firm Offer Announcement.

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## LETTER FROM THE BOARD

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An expected timetable of principal events is included in this circular, as well as in the Scheme Document. This circular and the Scheme Document are made available by the Company on its website at [www.regentpac.com](http://www.regentpac.com) and the Scheme Document is made available by Plethora on its website at [www.plethorasolutions.co.uk](http://www.plethorasolutions.co.uk).

It is expected that, subject to the satisfaction or waiver of the conditions set out and referred to in paragraph (f) above, the Effective Date of the Scheme will be on or around 9 March 2016. The Transaction will lapse if the Scheme does not become Effective by 30 September 2016 (or such later date as may be agreed between the Company and Plethora, and as the UK Takeover Panel and the UK Court may allow).

It is expected that Plethora will close its register of members after close of business on 7 March 2016 and the admission to trading of the Plethora Shares, and dealings in such shares, on AIM will be suspended from 7:30 a.m. (UK time) on 8 March 2016. It is intended that application will be made to the London Stock Exchange for such shares to cease to be admitted to trading on AIM with effect from 11 March 2016.

It is expected that the Consideration Shares will be admitted to trading on the Hong Kong Main Board, and that, technically, dealings in the Consideration Shares for normal settlement will commence, at 9:00 a.m. Hong Kong time (2:00 a.m. London time) on 10 March 2016. However, as further noted in the risk factor entitled “Potential delay in trading Consideration Shares” on page 112 of this circular in the “Risk factors”, there might be a period of delay (of approximately four weeks or longer following the Effective Date) before Plethora Shareholders can, in practice, trade their Consideration Shares on the Exchange.

### **(h) Offer-related arrangements**

#### **(i) Cost Indemnity**

In connection with the Transaction, the Company has entered into a cost indemnity agreement with Plethora dated 15 December 2015. Under the terms of the Cost Indemnity, if the Independent Plethora Director recommends Plethora Shareholders vote in favour of the Scheme, the Company will reimburse Plethora for any reasonable third party costs it properly incurs in connection with the Transaction:

- up to an aggregate amount of US\$150,000, if the Independent Regent Pacific Directors do not recommend that the Independent Shareholders vote in favour of the ordinary resolution(s) approving the Transaction at the Extraordinary General Meeting (including the approval of the issuance and allotment of the Consideration Shares) or change their recommendation once it has been made and the Transaction lapses or is terminated as a result of the resolution(s) approving the Transaction or related matters not being approved at the Extraordinary General Meeting; or

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## LETTER FROM THE BOARD

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- up to an aggregate amount of US\$100,000, if the Independent Regent Pacific Directors do recommend that the Independent Shareholders vote in favour of the ordinary resolution(s) approving the Transaction at the Extraordinary General Meeting (including the approval of the issuance and allotment of the Consideration Shares), such recommendation is not changed, but the Transaction lapses or is terminated as a result of the resolution(s) approving the Transaction or related matters not being approved at the Extraordinary General Meeting.

(ii) *Confidentiality Agreement*

The Company and Plethora entered into a confidentiality agreement on 8 September 2015 (the “**Confidentiality Agreement**”), pursuant to which each of the Company and Plethora has undertaken to keep confidential information relating to the other party and not to disclose it to third parties (other than to permitted discloses) unless required by law or regulation. These confidentiality obligations will remain in force for a period of 12 months from the date of the Confidentiality Agreement.

(iii) *Loan Agreement*

On 23 December 2015, the Company and Plethora entered into the Loan Agreement, pursuant to which the Company has made available to Plethora a sterling term loan facility in an amount of up to £1,000,000. The purpose of the Loan is to finance Plethora’s general working capital requirements, including continued development of the company’s principal product, PSD502™. The Loan was made available within five business days following the date of agreement. The Loan is available for draw down through a maximum of four advances. The terms of the Loan Agreement contain no arrangement or commitment fees. The Loan, with any interest accrued, shall be repaid in full on the repayment date (25 April 2016), being the next business day after the day falling four months after the date of the Loan Agreement. Plethora may at any time prepay any amount drawn or cancel the whole or any part of the Loan, to the extent not drawn down, during the term without penalty. The per annum rate of interest for the Loan is calculated as LIBOR + 5% on the basis of a year being 360 days. The Loan is provided on an unsecured basis with provision for security to be provided to the Company upon demand. The Loan is not conditional upon the Scheme becoming Effective.

(i) **Background to and reasons for the Transaction**

The Company’s strategic objective is to pursue strategic and value-led investments in the healthcare and life sciences sectors. As part of its extensive review of possible investment opportunities in the healthcare and life sciences sectors, it has narrowed its immediate focus to Plethora.

The Company first invested in Plethora in October 2011 and currently holds 10.54 per cent. of Plethora’s equity, and James Mellon, Non-Executive Co-Chairman of the Company, directly and indirectly holds 18.87 per cent. In January 2014, Jamie Gibson, the Executive

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## LETTER FROM THE BOARD

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Director and Chief Executive Officer of the Company, took over as Executive Director and Chief Executive Officer of Plethora and has been instrumental in pushing forward the commercialisation of its lead prescription treatment for premature ejaculation, PSD502™, including the completion of the commercialisation agreement with Recordati covering Europe, Russia and the Commonwealth of Independent States, Turkey and certain countries in North Africa.

The Transaction will allow the management team to focus on the successful commercialisation of PSD502™ as quickly as possible, in particular in the remaining key markets of the US, Latin America and Asia Pacific regions. The Company believes that Asia Pacific is likely to become a key component to the eventual marketing and distribution strategy for PSD502™ and the Company's Hong Kong office will provide an excellent base from which to manage the controlled launch of the product following receipt of relevant regulatory approvals. PSD502™ is likely to be introduced in Europe initially, as it already has secured EMA approval.

A single aligned management team, with deep knowledge of the industry and product, will be created by the Transaction. Led by Jamie Gibson (currently Chief Executive Officer of both the Company and Plethora), the Enlarged Group will combine Plethora's scientific expertise, under Michael G Wyllie's leadership, with the Company's corporate, management and commercial skills.

The Company strongly supports Plethora's development strategy for PSD502™. Following completion of the Transaction, the Enlarged Group's focus will continue to be on bringing PSD502™ to market through strategic commercial partners, not by itself, and therefore it is intended that the Enlarged Group will continue to outsource sales, marketing and distribution functions to selected partners to maximise the commercial potential of the product. This is a differentiating factor from traditional start-up companies in the pharmaceutical sector.

As stated above, Plethora has obtained the marketing approval from the EMA in November 2013 for marketing PSD502™ within the EU.

Plethora, through its US regulatory consultant, is in the process of submitting an NDA with the FDA. Plethora has made significant progress in the preparation for the start of the supplementary Phase III clinical study required by the FDA for the completion of an NDA. Plethora is interacting with the FDA with agreement achieved on the final form and content of the Patient Reported Outcome (PRO or PE) questionnaire or the "copyrightable" PEBEQ (Premature Ejaculation Bothersome Evaluation Questionnaire) to be used in this supplementary Phase III clinical study. The final testing stage of the PRO development, the "quantitative stage" is expected to be finalised and submitted to the FDA by the end of Q1 2016. The Phase III clinical study is anticipated to start in Q3 2016. It is therefore expected that the NDA will be filed with the US FDA in Q2 2017 and in accordance with mandates set forth by the Prescription Drug User Fee Act (PDUFA date), the FDA will be required to respond to the dossier within a 10 month timescale, which would facilitate approval in the US by Q2 2018 and a commercial launch shortly thereafter.



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## LETTER FROM THE BOARD

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All other regulatory approvals for territories outside the US, EU, Europe (non-EU countries), Russia, Commonwealth of Independent States, Turkey and certain North African countries, will be applied for by Plethora's licensing partners for these territories when licensing agreements have been entered into. In particular, the valuation report set out in Appendix IX to this circular mentions five major regions to be targeted for commercialisation, being: (i) the EU; (ii) the US; (iii) South America; (iv) the Middle East and North Africa; and (v) Canada, Australia and New Zealand. While the regulatory approvals have not yet been applied for in three of these regions, as it is the standard practice that the licensee will apply and pay for the regulatory marketing authorisations in these regions using Plethora's marketing authorisation obtained from EMA in November 2013, the Company understands from Plethora's external consultants that there is a strong probability of the licensee obtaining them, after working through the relevant regulatory approval process for each such jurisdiction, particularly as the current and existing EU approval is seen as being a major benefit when seeking similar approvals in these regions. It is because of this that Grant Sherman, the valuer for the purposes of valuation report set out in Appendix IX to this circular, considered it appropriate, following due and careful enquiry of the external consultants involved, to consider these regions in its valuation report.

If a marketing approval is not obtained in any of these countries, the Company still intends for Recordati, Plethora's licensing partner for the EU, Russia, Commonwealth of Independent States, Turkey and certain North African countries, to launch PSD502™ in those jurisdictions in which Plethora then has appropriate regulatory approval, currently the EU.

Consequently, following completion of the Transaction, rather than operate a pharmaceutical company, the Company, through its subsidiary Plethora, will simply be managing economic rights and entitlements flowing from the sales of PSD502™ by strategic commercial partners (through licensing agreements). The Company and Plethora will not be manufacturing or marketing PSD502™, as these operational aspects have been and will continue to be completely outsourced to selected commercial partners, and will instead be managing its investment by way of managing the flow of licensing and royalty payments that flow from sales. For these reasons, following the Transaction becoming Effective, the Company does not plan to make any fundamental changes to Plethora's business, and the existing business of the Company, being that of an investment company having its core focus on the health care and life sciences sectors, would continue unimpeded. Controlling Plethora will help the Company to better manage these rights and entitlements and is a sensible step to better protect, and create value from, its already significant investment in Plethora, entirely consistent with its strategic objective to pursue strategic and value-led investments in the healthcare and life sciences sectors. Furthermore, the Company intends on maximising the utilisation of historic tax losses in Plethora Solutions Limited arising from its development activity and UK patent box tax relief.

The Plethora Board anticipates that Plethora will require significant further funds for its working capital requirements, including completing the existing development of PSD502™ and bringing the product to market. Following the recent completion of disposals of

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## LETTER FROM THE BOARD

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non-core assets, as at 31 December 2015, the Company had net cash and unpledged listed equity securities balance of US\$10 million (or approximately £7.05 million or HK\$77.88 million). The Board believes that this cash will assist Plethora, through Plethora Solutions Limited, with the commercialisation of PSD502™ in the medium term and will reduce the uncertainty for Plethora as to the availability of capital in this period.

On 5 June 2015, the Company acquired Sharwood Limited's rights and obligations by way of the assignment and novation of a promissory note that Sharwood Limited previously held with the Plethora Group, for a total cash consideration of £2.4 million (equivalent to US\$3.6 million or HK\$28.1 million). Under that promissory note, the Company is now entitled to receive certain success-based royalties from Plethora or, in the alternative, a change of control payment, of up to a maximum and aggregate capped amount of £4.6 million (equivalent to US\$7.0 million or HK\$53.9 million). The arrangements set out in the promissory note are set to expire on the earlier of 15 September 2024 or when the capped amount of £4.6 million (equivalent to US\$7.0 million or HK\$53.9 million) has been paid to the Company in full. Following completion of the Transaction and upon Plethora becoming a wholly-owned subsidiary of the Company, this agreement will be an intra-group arrangement. The exchange rates used in this paragraph are the historic exchange rates at the time of the acquisition.

In addition, the Transaction will provide Plethora Shareholders with shares in a company listed on the Hong Kong Main Board and is therefore expected to foster greater liquidity for the stock. The average daily value and total value traded of the Company's Shares for the twelve months prior to 3 November 2015 (being the last Business Day prior to the publication of the Possible Offer Announcement, which commenced the Offer Period) was HK\$2.54 million (equivalent to £0.23 million or US\$0.33 million) and HK\$626.0 million (equivalent to £56.67 million or US\$80.37 million), respectively.

**(j) Background to and reasons for the Independent Plethora Director recommendation to Plethora Shareholders**

*(i) Introduction*

As a result of the Plethora Directors' other directorships and shareholdings (including those of such Plethora Directors' associated parties), Michael G Wyllie is the sole independent director of Plethora (i) for the purposes of the Transaction; and (ii) capable of providing views on the Transaction to Plethora Shareholders in accordance with the UK Takeover Code. James Mellon is the Non-Executive Chairman of Plethora (as well as being the Non-Executive Co-Chairman of the Company), and Jamie Gibson is an executive director, and the Chief Executive Officer, of both Plethora and the Company. Greg Bailey and Anthony Baillieu and their associates are treated as acting in concert (for the purposes of the UK Takeover Code) with the Company for the purposes of the Transaction. As at the Latest Practicable Date, the Company and its Concert Parties together hold 244,413,861 Plethora Shares, representing 29.69 per cent. of Plethora's issued ordinary share capital.

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## LETTER FROM THE BOARD

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(ii) *Plethora's funding position*

On 4 December 2015, Plethora had cash resources of £0.56 million (or approximately US\$0.79 million or HK\$6.19 million). As a consequence of this limited cash resource and the committed and expected expenditure of Plethora over the subsequent short term period, a loan agreement was entered into between the Company and Plethora on 23 December 2015, announced to the Exchange on the same day, pursuant to which the Company provided a loan facility of up to £1,000,000 (or approximately US\$1.42 million or HK\$11.05 million) to Plethora for general working capital purposes. As at the Latest Practicable Date, Plethora had drawn down two tranches totalling £0.50 million (or approximately US\$0.71 million or HK\$5.52 million) of the loan facility and had a cash balance of approximately £0.38 million (or approximately US\$0.54 million or HK\$4.20 million), with the amount remaining available under the loan facility being £0.50 million (or approximately US\$0.71 million or HK\$5.52 million) as at the same date. Paragraph 6.1 headed "Current Trading and Prospects of Plethora" of Part I of the Scheme Document states that the Plethora Directors expect that the loan facility will be drawn down in full during March 2016 and that Plethora's cash resources will be exhausted by the end of the same month. In the event the Scheme does not become Effective, Plethora will require external funding whether by way of an equity issuance, which may be highly dilutive to existing Plethora Shareholders, and/or loan funding, that may be on punitive terms. Whilst there is no certainty that such funding will be available if the Scheme does not become Effective and consequently there may be material uncertainty as to whether Plethora could continue to trade as a going concern, there are reasonable grounds for believing that funding may be available.

**THE CURRENT EXPECTATIONS OF THE PLETHORA BOARD ARE THAT, FROM THE END OF MARCH 2016, PLETHORA WILL NOT HAVE SUFFICIENT FINANCIAL RESOURCES TO CONTINUE ITS BUSINESS INCLUDING TO OPERATE UNDER ITS CURRENT OPERATING PLANS (WHICH INCLUDE THE CONTINUED DEVELOPMENT AND COMMERCIALISATION OF PSD502™) IN THE ABSENCE OF FURTHER FUNDING BEING AVAILABLE TO PLETHORA.**

It is not desirable to significantly delay any planned expenditure in key areas which support the development and commercialisation of PSD502™, such as manufacturing of the reduced fill can or research and development expenses associated with the NDA approval with the FDA. Such action may well have adverse consequences, particularly as regards the intended launch date of the commercialisation of PSD502™ in the EU, which would delay the receipt of licensing income from the agreement with Recordati.

The Independent Plethora Director believes that completion of the Transaction will reduce any current uncertainty surrounding a materially dilutive share issue by Plethora. Completion of the Transaction provides certainty over access to further funding which is highly desirable given Plethora's unsatisfactory current financial position. Following the recent completion of disposals of non-core assets, as at 31

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## LETTER FROM THE BOARD

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December 2015, the Company had net cash and unpledged listed equity securities balance of US\$10 million (equivalent to £7.05 million or approximately HK\$77.88 million). The Independent Plethora Director believes that this will assist Plethora, through Plethora Solutions Limited, with the commercialisation of PSD502™ in the medium term and will reduce the uncertainty for Plethora as to the availability of capital in this period. In this circular, the Directors have stated that, taking into account the financial resources available to the Enlarged Group, including internally generated funds, cash, cash equivalents on hand, the available financial facilities and also the effect of the Transaction, the Directors are of the opinion that the Enlarged Group has sufficient working capital for its present requirements for at least the next 12 months from the date of this circular, in the absence of unforeseeable circumstances.

(iii) *Value and form of the consideration offered*

The indicative value of 9.81 pence per share (on the basis of the Closing Price of a Share of HK\$0.069 on 29 January 2016, being the Closing Price of a Share on the Latest Practicable Date) represents a significant premium of 241.3 per cent. to the Closing Price per Plethora Share of 2.875 pence on 29 January 2016 and exceeds the price of the last significant equity ordinary share issue by Plethora, which was priced at 9 pence per Plethora Share on 29 August 2014.

Plethora Shareholders should note, however, that the value of the consideration that they will receive (once the Scheme becomes Effective) will depend upon the market value of the Consideration Shares on the Effective Date or subsequent to the Transaction completing, and this value will vary as Shares are listed on the Exchange. In particular, Plethora Shareholders should note (as set out further in paragraph 8 of Part I of the Scheme Document), that, if the Scheme becomes Effective, for many Plethora Shareholders, there will likely be a period of delay of approximately four weeks or longer following the Effective Date before the Plethora Shareholders can, in practice, trade their Consideration Shares on the Exchange. During such period of delay, it is possible that the Share price of the Shares on the Exchange could have fallen, to the detriment of Scheme Shareholders wishing to sell their Consideration Shares on the market or that, during such delay, the market in Shares (or generally in shares listed on the Exchange) is otherwise negatively impacted.

The Share price has traded between HK\$0.083 (equivalent to £0.008) and HK\$0.245 (£0.022) over the 12 month period and HK\$0.085 (equivalent to £0.008) and HK\$0.107 (equivalent to £0.010) over the three month period, in each case up to and including 3 November 2015, being the last Business Day prior to the publication of the Possible Offer Announcement, which commenced the Offer Period. A total value of HK\$625,952,150 (equivalent to £56,670,332) of Shares have been traded over the 12 month period up to and including 3 November 2015. The Consideration Shares expected to be issued in connection with the Transaction represent approximately four times that of the current number of Shares in issue.

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## LETTER FROM THE BOARD

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If the Scheme becomes Effective, following which Plethora will be a wholly owned subsidiary of the Company, Plethora Shareholders will have the flexibility to choose whether to continue to have an ongoing economic exposure to the development of the Plethora business through holding Consideration Shares or alternatively realise some or all of the value of their Consideration Shares. The Independent Plethora Director refers Plethora Shareholders to paragraph 8 of Part I of the Scheme Document, regarding the process for holding and trading Consideration Shares.

The Enlarged Group will have other investments, which will provide a degree of diversification of risk to Plethora Shareholders, although there may be other risks associated with the investments and strategy of the Enlarged Group as further referred to below.

(iv) *Board and Management alignment*

Following completion of the Transaction, it is intended that Michael G Wyllie will initially join the Group as a member of senior management, remaining in his role as Chief Scientific Officer of Plethora and then join the Board as an executive director at a later date. No incentivisation arrangements have been proposed or agreed in relation to Michael G Wyllie's expected appointment as an executive director of the Company at a later date. This appointment will provide a continuation of Michael G Wyllie's scientific overview and input to the development of PSD502™ as well his relationship with many current Plethora Shareholders. The consequent alignment of the Company and Plethora management should be beneficial in allowing new strategic relations to be pursued and, should it be required, new funding sources to be examined.

(v) *Other factors*

If the Scheme becomes Effective, being part of the Enlarged Group should allow a reduction in the operating costs of the Plethora Group, in particular as a result of cancelling Plethora's quotation on AIM and a reduction of the size of the Plethora Board which is expected to, on or shortly following the Scheme becoming Effective, comprise only Jamie Gibson and Michael G Wyllie.

(vi) *Conclusion*

The Independent Plethora Director has considered the factors above, amongst others, in evaluating the Transaction and its value and the prospects provided by the Transaction to Plethora Shareholders, as compared to the outlook for Plethora if it were to try to continue to operate on a standalone basis. **THE INDEPENDENT PLETHORA DIRECTOR WOULD STRONGLY URGE PLETHORA SHAREHOLDERS, WHEN CONSIDERING THE TRANSACTION, TO**

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## LETTER FROM THE BOARD

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**CONSIDER CAREFULLY THE MATERIAL UNCERTAINTY AS TO WHETHER THE PLETHORA GROUP CAN CONTINUE TRADING, AS AN INDEPENDENT ENTITY, ON A GOING CONCERN BASIS, PARTICULARLY HAVING REGARD TO ITS SHORT TERM CASH REQUIREMENTS.**

**(k) Independent Plethora Director's recommendation**

The Independent Plethora Director considers the terms of the Transaction to be fair and reasonable and in the best interests of Plethora Shareholders as a whole.

Accordingly, the Independent Plethora Director recommends that Plethora Shareholders vote in favour of the Scheme at the Plethora Court Meeting and the resolution(s) to be proposed at the Plethora General Meeting, as the Independent Plethora Director has irrevocably undertaken to do in respect of his own beneficial holdings of Plethora Shares, to the extent referred to in paragraph (l) immediately below.

**(l) Irrevocable undertaking and letters of intent**

The Company has received an irrevocable undertaking from the Independent Plethora Director to vote in favour of the Scheme at the Plethora Court Meeting and the resolution(s) to be proposed at the Plethora General Meeting in respect of a total of 1,759,127 Plethora Shares, representing approximately 0.21 per cent. of the issued ordinary share capital of Plethora and approximately 0.24 per cent. of Plethora's issued ordinary share capital excluding Plethora Shares held by the Company, in each case as in issue on 29 January 2016, being as of the Latest Practicable Date. Further details of this irrevocable undertaking (including the circumstances in which it will fall away) are set out in Appendix III to this circular.

In addition and consistent with the Company's announcements on 10 and 13 November 2015, the Company has received letters of intent from Forest Nominees Limited (being the nominee company of Canaccord Genuity Wealth (International) Ltd and on behalf of certain other controllers and beneficial owners) and W B Nominees Limited (being the nominee company of Walker Crips Stockbrokers Limited and in respect of discretionary clients) to vote in favour of the Scheme at the Plethora Court Meeting and the resolution(s) to be proposed at the Plethora General Meeting in respect of a total of 85,652,633 Plethora Shares, representing, in aggregate approximately 10.40 per cent. of Plethora's total issued ordinary share capital and approximately 11.63 per cent. of Plethora's issued ordinary share capital excluding Plethora Shares held by the Company, in each case as of the Latest Practicable Date. Further details of the letters of intent are set out in Appendix III to this circular.

The Company has therefore received an irrevocable undertaking and letters of intent in respect of a total of 87,411,760 Plethora Shares representing, in aggregate, approximately 10.62 per cent. of Plethora's total issued ordinary share capital and approximately 11.87 per cent. of Plethora's issued ordinary share capital excluding Plethora Shares held by the Company, in each case as of the Latest Practicable Date.

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## LETTER FROM THE BOARD

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**(m) Management, employees, locations of business and strategic plans**

Following the completion of the Transaction, the Company currently intends to allow Plethora to continue with its current strategy of bringing PSD502™ to full commercialisation under its current operating plans.

Following the completion of the Transaction, the Company intends that the management of Plethora will be integrated into the management of the Company. Of particular importance, it is intended that Michael G Wyllie will stay on in his role as Chief Scientific Officer of Plethora, as well as initially becoming a member of the Company's senior management team and will then join the Board as an executive Director at a later date.

No incentivisation arrangements have been proposed to, or agreed with Michael G Wyllie's in relation to his expected appointment as an executive director of the Company at a later date. The Company intends for Michael G Wyllie to be instrumental to the execution of the commercialisation of PSD502™ following completion of the Transaction. As soon as practical following the Scheme becoming Effective, it is also intended that James Mellon, Anthony Baillieu and Greg Bailey, the non-executive directors, will resign as directors of Plethora.

With the exception of changes to Michael G Wyllie's role detailed above, the Company can confirm that:

- its plans for Plethora's business do not involve any changes to the continued employment of the employees and management of Plethora or its subsidiaries, any material changes in conditions of employment or any changes to the locations of Plethora's place of business;
- its plans for the Plethora business do not involve any changes to employer contributions into Plethora's pension scheme(s), the accrual of benefits for existing members, or the admission of new members; and
- it does not have any intentions involving the redeployment of the fixed assets of Plethora.

Following the Transaction becoming Effective, the Company does not plan to make any fundamental changes to Plethora's business, and the existing business of the Company, being that of an investment company having its core focus on the health care and life sciences sectors, would continue unimpeded. The Company intends to cancel Plethora's AIM quotation following the Transaction becoming Effective.

In light of the existing operational experience and familiarity with Plethora's business enjoyed by Jamie Gibson (Executive Director and Chief Executive Officer of Plethora) and James Mellon (Non-Executive Chairman of Plethora), the Company does not consider there to be any need to make significant changes to the Company's management structure.

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## LETTER FROM THE BOARD

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### (n) Details of the Plethora issued share capital

As at the Latest Practicable Date, there were 823,297,686 Plethora Shares in issue, of which 86,799,490 Plethora Shares are held by the Company, 1,700,000 Plethora Shares are held by Mark Searle and his associates, 155,358,771 Plethora Shares are held by James Mellon and his associates, and 555,600 Plethora Shares are held by Greg Bailey. Consequently, it should be noted, consistent with the announcement issued by the Company on 15 January 2016, that the Company and its Concert Parties together hold 29.69 per cent. of Plethora's issued ordinary share capital as of the Latest Practicable Date. Jayne Sutcliffe and Anderson Whamond, being other members of the Declared Concert Party Group, and Anthony Baillieu (and their associates) do not hold any Plethora Shares.

### (o) Details of the Plethora Convertible Instruments

As at the Latest Practicable Date, Plethora has the following Plethora Convertible Instruments convertible into Plethora Shares:

- (i) A loan entered into on 31 March 2015 between James Mellon and Plethora in the amount of £340,000, with an interest rate of 5 per cent. (with the interest accrued and payable quarterly in cash). The principal of the loan is repayable on 31 March 2020 and James Mellon has the right to elect for repayment to be satisfied by the issue of new Plethora Shares, at a price of 2 pence per Plethora Share. If the loan was to be repaid on 31 March 2020 by way of the issue of new Plethora Shares, 17,000,000 Plethora Shares would be issued to James Mellon. This loan is referred to as the “**JM Convertible Loan**”.
- (ii) On 17 October 2011, Plethora issued warrants to Galloway Limited (an associate of James Mellon), as amended on 18 March 2013, which expire on 31 March 2023. If exercised, the warrants are convertible at a price of 1.25 pence per Plethora Share into an amount of Plethora Shares equal to 5 per cent. of Plethora's fully diluted share capital (which includes Plethora Shares issued under this instrument and all other Plethora Shares capable of being issued under outstanding warrants, options or rights to subscribe), which would be 54,118,431 new Plethora Shares if calculated as at the Latest Practicable Date. These warrants are referred to as the “**Galloway Warrants**”.
- (iii) On 29 June 2010, Plethora issued warrants to Capital for Enterprise Fund A L.P., as amended on 18 March 2013, which expire on 31 March 2023. If exercised, the warrants are convertible at the nominal value of Plethora Shares (being 1 penny per Plethora Share) into an amount of Plethora Shares equal to 3 per cent. of Plethora's fully diluted share capital (including Plethora Shares issued under this instrument and all other Plethora Shares capable of being issued under outstanding warrants, options or rights to subscribe), which would be 32,471,058 new Plethora Shares if calculated as at the Latest Practicable Date. These warrants are referred to as the “**CfE Warrants**”.



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## LETTER FROM THE BOARD

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- (iv) On 19 September 2014, Plethora issued 101,148,981 fundraising warrants, each convertible into one Plethora Share at a price of 15 pence on or before 19 September 2019 (together, the “**Fundraising Warrants**”). The Company subscribed for 12,649,745 of these warrants.

The instruments described in paragraphs (i) to (iv) are, together, the “**Plethora Convertible Instruments**”.

In addition, as at the Latest Practicable Date, the following current and former Plethora Directors held the following awards under the Plethora LTIP which, upon vesting, will convert into Plethora Shares on a one-for-one basis: (i) Jamie Gibson, an award in respect of 35,000,000 Plethora Shares; (ii) James Mellon, an award in respect of 1,000,000 Plethora Shares; (iii) Greg Bailey, an award in respect 1,000,000 Plethora Shares; (iv) Michael Collis, an award in respect of 1,000,000 Plethora Shares; and (v) Michael G Wyllie, an award in respect of 16,000,000 Plethora Shares. The awards have not yet vested and will do so subject to certain vesting conditions specified in the award certificates themselves, which include the change of control of Plethora. In addition, an award in respect of 200,000 Plethora Shares is held by the Company Secretary of Plethora.

Furthermore, as at the Latest Practicable Date, an outstanding option in respect of 111,476 Plethora Shares exercisable at the price of 59 pence per Plethora Share on or before 21 June 2016 is held by Michael G Wyllie under the Plethora Option Scheme. In addition, an option in respect of 20,984 Plethora Shares, exercisable at the price of 59 pence per Plethora Share on or before 21 June 2016, is held by the Company Secretary of Plethora under the Plethora Option Scheme.

Participants in the Plethora LTIP will be sent a separate letter on or around the date of the publication of this circular explaining the effect of the Transaction on their awards and setting out the specific proposals being made in respect of their outstanding awards (to the extent unexercised) in connection with the Scheme.

Pursuant to the rules of the Plethora LTIP, outstanding awards under the plan will vest on the Effective Date of the Scheme and any Plethora Shares issued or transferred under the Plethora LTIP will be transferred to the Company in consideration for a transfer of such number of Consideration Shares that the participants would have been entitled to under the Scheme in respect of the vested Plethora Shares, subject to any deductions for UK tax and social security for which Plethora shall become liable upon issuing Plethora Shares pursuant to the Plethora LTIP (i.e. by deducting from the number of Consideration Shares so calculated by such number of Consideration Shares as would at market prices prevailing on the Effective Date, be equal in value to the cost of such UK tax and social security deductions). Participants in the Plethora LTIP will be notified that the Scheme has become Effective on or shortly after the Effective Date, at which point their outstanding awards will vest in full and the relevant Consideration Shares will be issued by the Company within 14 calendar days after the Effective Date or as soon as practicable after that date.

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## LETTER FROM THE BOARD

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In relation to the JM Convertible Loan, it is intended that James Mellon will request repayment of the JM Convertible Loan by the issue of Plethora Shares, following and subject to the Scheme becoming Effective. The Plethora Shares issued upon repayment of the JM Convertible Loan will be compulsorily acquired by the Company in consideration for 267,029,200 Consideration Shares (being the number of Plethora Shares James Mellon is entitled to upon repayment of the JM Convertible Loan (17,000,000 Plethora Shares) multiplied by the Exchange Ratio) and an amount in cash equal to the interest that James Mellon would be entitled to under the terms of the JM Convertible Loan upon repayment of the loan on the Effective Date (being £16,008 (or approximately HK\$176,884) assuming that the Effective Date is 9 March 2016).

In relation to the Galloway Warrants, it is proposed that on the Effective Date, Galloway Limited will transfer the Galloway Warrants to the Company in exchange for Consideration Shares. The number of Consideration Shares to be issued to Galloway Limited will be calculated on the basis of a “cashless exercise” of the Galloway Warrants, which subtracts the subscription price for each Plethora Share under the Galloway Warrants from the indicative offer value of each Plethora Share under the Transaction (as at 29 January 2016, being the Latest Practicable Date) in order to calculate an updated exchange ratio of 13.7058 Consideration Shares for each Plethora Share which would be received by Galloway Limited upon exercise of the Galloway Warrants. This exchange ratio takes into account the fact that the subscription price is not being paid. This proposal would result in 741,738,472 Consideration Shares being issued to Galloway Limited in consideration for the transfer of the Galloway Warrants.

CfE will be sent a separate letter on or around the date of publication of this circular explaining the effect of the Transaction on the CfE Warrants and setting out the specific proposals being made in respect of the CfE Warrants in connection with the Scheme.

In relation to the CfE Warrants, the Company will propose to CfE that on the Effective Date the Company will acquire the CfE Warrants from CfE in exchange for Consideration Shares. The number of Consideration Shares to be issued to CfE will be calculated on the basis of a “cashless exercise” of the CfE Warrants, which subtracts the subscription price for each Plethora Share under the CfE Warrants from the indicative offer value of each Plethora Share under the Transaction (as at 29 January 2016, being the Latest Practicable Date) in order to calculate an updated exchange ratio of 14.1062 Consideration Shares for each Plethora Share which would be received by CfE upon exercise of the CfE Warrants. This exchange ratio takes into account the fact that the subscription price is not being paid. This proposal, if accepted, would result in 458,042,938 Consideration Shares being issued to CfE in consideration for the transfer of the CfE Warrants. If CfE does not accept such proposal, or otherwise exercise the right to subscribe for Plethora Shares, the CfE Warrants shall lapse on 31 March 2023. If CfE elects to exercise its subscription rights after the Effective Date, but prior to 31 March 2023, the Plethora Shares issued upon such exercise will be compulsorily acquired by the Company in consideration for Consideration Shares (calculated by reference to the number of Plethora Shares CfE is entitled to upon exercise of the CfE Warrants, multiplied by the Exchange Ratio).

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## LETTER FROM THE BOARD

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As at 29 January 2016, being the Latest Practicable Date, the Fundraising Warrants and the options outstanding under the Plethora Option Scheme are currently out-of-the-money and, as a result, no proposals have been made to the holders of the Fundraising Warrants and options under the Plethora Option Scheme. If a holder of options under the Plethora Option Scheme has not exercised its right to subscribe for Plethora Shares within one month of the Effective Date, the holder's options shall lapse. If a holder of the Fundraising Warrants has not exercised its right to subscribe for Plethora Shares within 30 days of being given notice of the change of control of Plethora, the holder's subscription rights under the Fundraising Warrants shall lapse.

The Transaction will extend to any Plethora Shares which are unconditionally allotted or issued as a result of: (i) the vesting of awards under the Plethora LTIP; (ii) the exercise of any options under the Plethora Option Scheme; and/or (iii) the conversion of any of the Plethora Convertible Instruments, before the Scheme Record Time.

It is proposed that the Plethora articles of association be amended to ensure that any Plethora Shares which are issued (including, without limitation, to a Plethora LTIP or Plethora Option Scheme participant on the exercise of an award or option granted to them thereunder or to a holder of a Plethora Convertible Instrument who exercises their rights under such instrument) after the adoption of the amended Plethora articles of association at the Plethora General Meeting, but before the Scheme Record Time (other than those issued to the Company (or its nominee)) will be subject to and bound by the Scheme. It is also proposed that the Plethora articles of association be amended so that any Plethora Shares issued to and received by any person (other than to the Company (or its nominee(s)) on or after the Scheme Record Time will automatically be transferred to or acquired by the Company in consideration of and conditional on the issue or transfer of such number of Consideration Shares as that person would have been entitled to under the Scheme for those Plethora Shares. The purpose of the amendment to the articles of association of Plethora, to be proposed by Plethora to the Plethora Shareholders at the Plethora General Meeting, is to ensure that Plethora becomes and remains a wholly owned subsidiary of the Company as a result of and following the Scheme becoming Effective.

Following the Effective Date, the Plethora Option Scheme, the Plethora LTIP or the Plethora Convertible Instruments will not be capable of diluting the Company's interest in Plethora to below 100 per cent.

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## LETTER FROM THE BOARD

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### **(p) Revisions to the Transaction**

If, after the date of the Firm Announcement but prior to the Effective Date, any dividend or other distribution is declared, paid or made or payable by Plethora, the Company reserves the right (without prejudice to any right of the Company), with the consent of the UK Takeover Panel, to reduce the number of Shares to be issued under the Transaction in respect of a Plethora Share to reflect the aggregate amount of such dividend or distribution. Furthermore, the Company reserves the right to reduce the number of Shares to be issued under the Transaction in respect of a Plethora Share in such circumstances as are, and by such amount as is, permitted by the UK Takeover Panel.

The Scheme also contains a provision for Plethora and the Company jointly to consent on behalf of all concerned to any modifications, additions or conditions to the Scheme which the UK Court may think fit to approve or impose. The UK Court would be unlikely to approve or impose any modifications, additions or conditions to the Scheme which might be material to the interests of Scheme Shareholders unless Scheme Shareholders were informed of any such modification, addition or condition. It would be a matter for the UK Court to decide, in its discretion, whether or not a further meeting of Scheme Shareholders should be held. Similarly, if a modification, addition or condition is put forward which, in the opinion of the Independent Plethora Director, is of such a nature or importance as to require the consent of Scheme Shareholders at a further meeting, the Plethora Directors will not take the necessary steps to enable the Scheme to become Effective unless and until such consent is obtained.

Should the terms of the Transaction be revised with the consent of the UK Takeover Panel and/or the UK Court, the Company will issue a further announcement and will comply with the requirements of the Exchange Rules (including seeking Shareholders' approval if required).

The Company also reserves the right to implement the acquisition of the entire issued and to be issued ordinary share capital of Plethora by way of an Offer as an alternative to the Scheme. In such event, the Offer will be implemented on substantially the same terms as those which would apply to the Scheme (subject to appropriate amendments, including (without limitation, and if agreed with the UK Takeover Panel) the inclusion of an acceptance condition set at 90 per cent. of the shares to which such Offer relates or such lesser percentage, being more than 50 per cent., as the Company may decide).

Further, if sufficient acceptances of such Offer are received and/or sufficient Plethora Shares are otherwise acquired, it would be the intention of the Company to apply the provisions of the Companies Act to acquire compulsorily any outstanding Plethora Shares to which such Offer relates.

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## LETTER FROM THE BOARD

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**(q) Cancellation of admission to trading on AIM of Plethora Shares and re-registration as a private limited company**

Prior to the Scheme becoming Effective, Plethora will make an application to the London Stock Exchange for admission of the Plethora Shares to trading on AIM to be cancelled on the first Business Day following the Effective Date. The last day of dealings in, and for registration of transfers of, Plethora Shares is expected to be at the close of business on the Business Day before the Effective Date. No transfers of Plethora Shares will be registered after this date, other than the registration of Plethora Shares released, transferred or issued under the Plethora LTIP or under the Plethora Convertible Instruments.

It is intended that the cancellation of admission of the Plethora Shares to trading on AIM will take effect on 11 March 2016. In addition, on 11 March 2016, it is expected that entitlements to Plethora Shares held within the CREST system will be cancelled and share certificates in respect of Scheme Shares will cease to be valid and should, if so requested by Plethora, be sent to Plethora for cancellation. It is also intended that shortly after the Effective Date, Plethora will be re-registered as a private limited company under the relevant provisions of the Companies Act.

**(r) General**

The terms of the Transaction were negotiated with the Independent Plethora Director on an arm's length basis and the Directors (including the independent non-executive Directors) consider that the Transaction is in the ordinary and usual course of business of the Group and on normal commercial terms which are fair and reasonable having regard to the interests of the Company and the Shareholders as a whole.

It is expected that the Scheme will become Effective in Q1 2016, subject to the satisfaction or waiver of the conditions and further terms to the Transaction. The Transaction will lapse if the Scheme does not become Effective by 30 September 2016 (or such later date as may be agreed between the Company and Plethora, and as the UK Takeover Panel and the UK Court may allow).

There are no applicable restrictions to the subsequent sale of any of the Plethora Shares to be acquired under the Transaction.

The Transaction, together with prior acquisitions of Plethora Shares made within the past 12 months, constitutes a very substantial and connected acquisition of the Company under Chapters 14 and 14A of the Exchange Rules and requires approval of the Independent Shareholders in general meeting of the Company. The Company proposes to seek from the Independent Shareholders at the Extraordinary General Meeting an approval for the Transaction (including the issuance and allotment of the Consideration Shares).

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## LETTER FROM THE BOARD

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### 3 BASIS OF TOTAL CONSIDERATION

The Exchange Ratio was determined on the basis of normal commercial terms and arm's length negotiations between the parties with reference to: (i) the historical market values of Plethora Shares; (ii) the last equity offer by Plethora which was priced at 9 pence (or approximately US\$0.136 or HK\$1.055) per Plethora Share on 29 August 2014 and, to that, applying a take-over or control premium of approximately 39 per cent., a premium considered to be fair and reasonable by reference to other public share-based take-over or change of control transactions that have been undertaken, including in the health care and/or life sciences sectors; and (iii) the strategic benefits of the Transaction as set out in more detail in Section "Background to and reasons for the Transaction". In determining the Exchange Ratio, the Company specifically considered the last equity offer by Plethora and its price as that represented the entry point for some of Plethora's Shareholders, including some of its more significant or substantial shareholders. Consequently, it was against this price that the Company considered it appropriate to apply an appropriate premium, one within the range of other public M&A deals in the healthcare sector (the medium of completed deals in this sector in London and New York since 1 January 2013 being approximately 41.07 per cent., sourced from FactSet, which is a large NYSE listed data provider).

If the Transaction becomes Effective and the Company owns 100 per cent. of the issued and to be issued share capital of Plethora, the Company's attributable share of Plethora's: (i) net loss (both before and after taxation for continuing operations) for the financial period ended 30 September 2015 is approximately £1,104,000 (or approximately US\$1,565,693 or HK\$12,193,929); (ii) net loss (both before and after taxation for continuing operations) for the financial year ended 31 December 2014 is approximately £15,734,000 (or approximately US\$25,920,000 or HK\$200,981,000); and (iii) net loss (both before and after taxation for continuing operations) for the financial year ended 31 December 2013 is approximately £8,755,000 (or approximately US\$13,700,000 or HK\$106,265,000). For the purpose of this paragraph, the translation of GBP into USD is based on an average exchange rate of 1.6474 and 1.5648 and the translation of USD into HKD is based on an average exchange rate of 7.7539 and 7.7566 for the year ended 31 December 2014, and the year ended 31 December 2013, respectively.

The net liability value of Plethora were £114,000 (or approximately US\$161,675 and HK\$1,259,156) and £2,857,000 (or approximately US\$4,451,000 or HK\$34,513,000) as at 30 September 2015 and 31 December 2014 respectively, as reported in Plethora's latest publicly disclosed audited financial statements for the financial year ended 31 December 2014. For the purpose of this paragraph, the translation of GBP into USD is based on the historical spot exchange rate of 1.5581 and the translation of USD into HKD is based on the historical spot exchange rate of 7.7539 for the year ended 31 December 2014.

The Directors believe that the total consideration is fair and reasonable and in the interest of Shareholders as a whole.

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## LETTER FROM THE BOARD

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### 4 RIGHTS ATTACHING TO THE CONSIDERATION SHARES

The Consideration Shares will be issued credited as fully paid up, free from all encumbrances and shall rank *pari passu* in all respects with the other Shares in issue at such time.

The Consideration Shares issued pursuant to the Transaction will not be subject to any form of lock-up.

### 5 EFFECTS ON SHAREHOLDING STRUCTURE OF THE COMPANY

As at the Latest Practicable Date, the Company has 3,485,730,523 Shares in issue. According to the register kept by the Company under section 336 of the Securities and Futures Ordinance as at the Latest Practicable Date, save for the shareholdings of the Declared Concert Party Group and the Directors and their respective associates, approximately 70.49 per cent. of the existing share capital is held by the public shareholders.

The table below sets out the interests of certain shareholders and groups of shareholders (aggregated for conservative mathematical demonstration only, and not in any way to recognise the existence of any Hong Kong concert party relationship) in the Company's existing issued share capital and their interests in the Company's enlarged issued share capital following the Transaction becoming Effective.

<b>Shareholder(s)</b>	<b>Interests in the Company's existing issued share capital (%)</b>	<b>Interests in the Company's enlarged issued share capital following the Transaction becoming Effective (%)</b>
James Mellon and his associates	15.35 per cent.	23.43 per cent.
The Declared Concert Party Group (which includes James Mellon) (and their respective associates)	17.05 per cent.	23.77 per cent.
The Company Directors together with the Declared Concert Party Group (and their respective associates)	29.50 per cent.	29.53 per cent.
Independent Plethora Director (being Michael G Wyllie)	Nil	1.59 per cent.
Anthony Baillieu and Greg Bailey, being non-executive directors of Plethora	0.0057 per cent.	0.14 per cent.
Baker Brothers Advisors	Nil	5.00 per cent.
Maven Capital Partners UK LLP	Nil	7.97 per cent.
Other Shareholders	70.49 per cent.	55.77 per cent.

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## LETTER FROM THE BOARD

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*Notes:*

The table above has been prepared on the following assumptions:

- No Plethora Shares are issued between the Latest Practicable Date and the Effective Date (including pursuant to the Plethora Option Scheme, Plethora LTIP and Plethora Convertible Instruments).
- 11,568,619,063 Consideration Shares are issued to Plethora Shareholders pursuant to the Transaction.
- 2,478,494,176 Consideration Shares are issued to the holders of the Plethora Convertible Instruments (excluding the out-of-money outstanding options under the Plethora Option Scheme and Fundraising Warrants which form part of the Plethora Convertible Instruments) and the holders of awards under the Plethora LTIP.
- Other than the issue of the Consideration Shares, there will be no further Shares issued by the Company between the Latest Practicable Date and the Effective Date.

As noted, the Company continues to comply with the public float requirement prescribed in the Exchange Rules for the Company.

To the best of the Directors' knowledge, having made reasonable enquiry, none of the Plethora Shareholders (ignoring, for these purposes, the Declared Concert Party Group, Jamie Gibson, Mark Searle, Anthony Baillieu and Greg Bailey and their respective associates) have any intention of entering into any kind of formal or informal arrangement between themselves or with the existing Shareholders (including the Declared Concert Party Group) to actively cooperate to obtain or consolidate control of the Company (i.e. the definition of "acting in concert" under the HK Takeover Code).

An application has been made by the Company to the Exchange for the listing of and permission to deal in the Consideration Shares.

## 6 FINANCIAL EFFECTS OF THE TRANSACTION ON THE GROUP

The Directors do not expect that the Transaction will have any material adverse effect on the consolidated results of the Group.

Upon completion of the Transaction, the companies in the Plethora Group will become subsidiaries of the Company, and their financial results will be consolidated into the financial statements of the Group.

### **Accounting considerations**

The Enlarged Group will adopt the Group's accounting policies, which are set out in its latest annual report and interim results statement (copies of which are available through the Company's website [www.regentpac.com](http://www.regentpac.com)) and are derived from relevant Hong Kong applicable standards. Both the Group's and Plethora's financial year ends at 31 December and it is currently intended that the Enlarged Group will have a 31 December financial year end. For accounting purposes, it is expected that the fair value of Plethora's assets and liabilities will be consolidated into the



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## LETTER FROM THE BOARD

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Group's balance sheet. Plethora's assets and liabilities will be fair valued at the Effective Date and, upon consolidation in the Enlarged Group's balance sheet, the excess of the consideration over the fair value of the net assets acquired (including any intangible assets) will be recorded as goodwill (if any).

### **Net Assets**

The Company's unaudited consolidated net assets as at 30 June 2015 were approximately US\$49.2 million (or approximately £34.69 million), while the Plethora Group's net liabilities at 30 September 2015 were US\$0.18 million (or approximately £0.13 million). Appendix VI of this circular contains unaudited pro forma financial information of the Enlarged Group, assuming that the Transaction became effective on 30 June 2015. Based on this pro forma, the unaudited pro forma consolidated net assets of the Enlarged Group would be approximately US\$197.8 million (or approximately £139.47 million). The increase in the pro forma net assets of the Enlarged Group is mainly due to the fact that at the acquisition date there will be a recognition of the fair value of the PSD502™ patent (intangible asset) net of deferred taxation of US\$171.9 million. The Plethora Group does not currently recognise any value attributable to its interest in the PSD502™ patent in its accounts.

### **Earnings**

Based on the latest published annual report of the Group, the Group recorded an audited consolidated loss attributable to the Shareholders of approximately US\$8.56 million (or approximately £6.04 million) for the year ended 31 December 2014. Based on the accountant's report of the Plethora Group as set out in Appendix V to this circular, for the year ended 31 December 2014, the Plethora Group recorded a loss for the year ended 31 December 2014 of £15.69 million (or approximately US\$22.25 million).

As set out in Appendix VI to this circular, assuming that the completion of the Transaction had taken place on 1 January 2014, the unaudited pro forma consolidated loss of the Enlarged Group for the year ended 31 December 2014 would be approximately US\$68.63 million (or approximately £48.39 million), which is mainly due to the consolidation of the financial results of the Plethora Group into that of the Group, the reversal of a share of losses of an associate (part of the Plethora Group) of US\$10.18 million and an amortisation charge for 2014 of US\$19.35 million for the PSD502™ patent. As noted in the section headed "Net Assets" above, this intangible asset was not previously recognised in the Plethora Group's accounts. In addition, for the purposes of the pro forma consolidated results of the Enlarged Group, the share of (i) losses of an associate amounting to US\$10.18 million (the Company accounted for Plethora Group as an associate in 2014); and (ii) gains of an associate amounting to US\$25.8 million originally recognised by the Company in 2014 on the "bargain purchases" (having the meaning given to it in the Hong Kong Financial Reporting Standards) of its original investments in the Plethora Group, have been reversed as the pro forma consolidated results assumes the acquisition of the Plethora Group took place on 1 January 2014. The "bargain purchase" gains in 2014 of US\$25.8 million represent the excess of the fair value of the attributable interests in the Plethora Group each time the Company made an investment in the Plethora Group during 2014, over the purchase considerations it paid.

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## LETTER FROM THE BOARD

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Based on the Closing Price of HK\$0.069 (equivalent to £0.006) of a Share on 29 January 2016, being the Latest Practicable Date, and 14,047,113,239 Consideration Shares being issued in connection with the Transaction (including pursuant to the Plethora LTIP and the relevant Plethora Convertible Instruments), the Enlarged Group would have an assumed combined market capitalisation of approximately HK\$1,209.77 million (equivalent to £109.53 million or US\$155.33 million).

### 7 PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY

The Company is a diversified investment group currently holding various corporate and strategic investments across the healthcare and life sciences sectors, which has become its core focus, as well as legacy investments in the natural resources sector. Earlier in 2015, the Company disposed of a majority of its interest in Binary Holdings Ltd., and, where possible and practicable, intends to sell its remaining non-healthcare and life sciences assets in the near future and focus all its attentions on its new healthcare and life sciences strategy.

The Company has generated average cash returns over the term of investment of nearly two times on material investment disposals (where the Company's investment was US\$1 million (or approximately HK\$7.8 million) or more) over the last 6.5 years. This includes a 12.9 times cash return on the disposal of 938,978 shares in Binary Holdings Ltd. in April 2015 for an aggregate consideration of US\$15 million (or approximately HK\$116.3 million) and a 2.2 times cash return on the disposal of the Company's entire investment in BC Iron Limited in 2013 for an aggregate consideration of US\$88.8 million (or approximately HK\$688.3 million). The Company also has a marked-to-market unrealised gain of 50.8 per cent. on its position in Endeavour Mining Corporation for the financial year ended 31 December 2015.

The Company's Total Shareholder Returns\* measured on the last trading day of January and July in each year since 30 January 2009 are set out in the table below:

<b>Date</b>	<b>Total Shareholder Returns (%)</b>
30 January 2009	0.00
31 July 2009	166.36
29 January 2010	105.32
31 July 2010	100.88
31 January 2011	304.76
29 July 2011	252.19
31 January 2012	151.27
31 July 2012	134.43
31 January 2013	248.65
31 July 2013	146.89
30 January 2014	166.84
31 July 2014	166.84
30 January 2015	139.41
31 July 2015	184.30
29 January 2016	72.08

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## LETTER FROM THE BOARD

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\* The total return calculation shows the profit or loss of which an investor in the Company would have made across the period. It means that an investor who invested US\$1 in the Company on 30 January 2009 would have made US\$0.7208 profit on 29 January 2016 (plus their original US\$1 stake). The formula used is sourced from Bloomberg and is unadjusted. It takes into account of the share price performance plus any dividends paid. Dividends are assumed to be reinvested on the ex-dividend date.

The Company is a limited liability company incorporated under the laws of the Cayman Islands whose Shares are listed on the Main Board of the Exchange. The Company's headquarters are in Hong Kong and the Group (including subsidiaries but excluding associates) employed approximately 19 employees at 30 June 2015.

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, 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\$12.78 million (equivalent to approximately US\$9.27 million, £6.13 million or HK\$71.87 million), which excludes interest that has accrued on this amount since 2 December 2013 which, as at 2 November 2015, was approximately A\$2.57 million (equivalent to approximately US\$1.86 million, £1.23 million or HK\$14.45 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 (the "**Assessment**"), which stated that the tax was due and payable on 2 December 2013 and provided that the Company could not remove from Australia or dispose of, deal with or diminish the value of its assets in Australia up to the unencumbered value of the amount assessed.

Following orders from the Federal Court of Australia, the Company has granted a specific security deed to the Commonwealth of Australia in respect of certain of the Company's holding of 518,103,930 shares in Venturex Resources Limited, 10,854,568 shares in Bannerman Resources Limited and 12,700,000 shares in Tigers Realm Coal Limited, of which the aggregate market value (as at 31 December 2015) is approximately US\$2.39 million (equivalent to approximately £1.9 million or HK\$22.5 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 exchange rates used in this paragraph are the historic exchange rates at the relevant time.

The Company has received independent tax advice that, based on a valuation of BC Iron Limited'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. The dispute is due to enter a formal dispute resolution process.

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## LETTER FROM THE BOARD

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For the six months ended 30 June 2015, the Group recorded a net profit of US\$0.1 million (or approximately HK\$0.8 million) and as of 30 June 2015 had net assets exceeding US\$49.1 million (or approximately HK\$380.5 million). As at 31 December 2015, the Company had a net cash and unpledged listed equity securities balance of approximately US\$10 million (or approximately HK\$77.88 million).

James Mellon is the Non-Executive Chairman of Plethora and Non-Executive Co-Chairman of the Company, and Jamie Gibson is an Executive Director and Chief Executive Officer of both Plethora and the Company.

For an update on the Company's current trading and prospects, please refer to paragraph headed "Financial and trading prospects of the Group" in Appendix IV on pages IV-2 to IV-4 of this circular.

### **8 PRINCIPAL BUSINESS ACTIVITIES OF PLETHORA**

Plethora is a UK-based speciality pharmaceutical company dedicated to the development and marketing of products for the treatment and management of urological disorders. Plethora's shares are quoted on AIM.

Plethora's principal product is PSD502™, which is a prescription treatment for male premature ejaculation that obtained marketing authorisation from the EMA, as formally granted by the European Commission, in November 2013.

For the six months ended 30 June 2015, Plethora made a loss of £493,000 (or approximately US\$746,000 or HK\$5.78 million) and had a cash balance as at 30 June 2015 of £2.8 million (or approximately US\$4.2 million or HK\$32.8 million). As at 4 December 2015, the financial records of Plethora stated that the cash balance was approximately £0.56 million (or approximately US\$0.79 million or HK\$6.19 million). The exchange rates used in this paragraph are the historic exchange rates at the relevant time.

In order to avoid negative impacts to the commercialisation of PSD502™, Plethora negotiated a loan facility with the Company of £1 million (or approximately HK\$11.05 million), which is expected to cover anticipated costs until such time as the Scheme becomes Effective. As at the Latest Practicable Date, Plethora has drawn down two tranches totalling £0.50 million (or approximately HK\$5.52 million) and had a cash balance of approximately £0.38 million (or approximately HK\$4.20 million) (with the amount remaining available under the loan facility being £0.50 million (or approximately HK\$5.52 million) as at the same date). The Plethora Directors expect that the loan facility will be drawn down in full during March 2016 and that Plethora's cash resources will be exhausted by the end of the same month. In the event the Scheme does not become Effective, Plethora will require external funding whether by way of an equity issuance, which may be highly dilutive to existing shareholders, and/or loan funding that may be on punitive terms. Whilst there is no certainty that such funding will be available if the Scheme does not become Effective and consequently there may be material uncertainty as to whether Plethora could continue to trade as a going concern, there are reasonable grounds for believing that funding may be available.

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## LETTER FROM THE BOARD

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In September 2014, Plethora entered into its first commercialisation agreement with the pharmaceutical group Recordati. The agreement covers the commercialisation of PSD502™ in Europe, Russia and the Commonwealth of Independent States, Turkey and certain countries in North Africa. Under the terms of the agreement Recordati paid Plethora an initial €5 million (or approximately US\$5.42 million or HK\$42.18 million) milestone payment in November 2014. In addition, Recordati is obliged to pay Plethora the following amounts:

- a payment of €6 million (or approximately US\$6.50 million or HK\$50.61 million) upon grant of the variant approval from the EMA by 30 June 2016 for the new six dose canister (reduced filled can);
- a payment of up to €10 million (or approximately US\$10.83 million or HK\$84.35 million) in total upon first commercial sales of PSD502™ in France, Germany, Italy, Spain and Portugal (being payment of €2 million (or approximately US\$2.17 million or HK\$16.87 million) for each of these 5 countries);
- up to €25 million (or approximately US\$27.08 million or HK\$210.88 million) in aggregate in sales-based milestones (“**Milestone Payments**”, see further below); and
- tiered percentage royalties on net sales, ranging from the mid-teens to the mid-twenties, for 10 years from first commercial sale, and thereafter at a single digit percentage royalty rate.

The first Milestone Payment of €5 million (or approximately US\$5.42 million or HK\$42.18 million) is due when cumulative net sales of PSD502™ by Recordati or its affiliates exceed €100 million (or approximately US\$108.31 million or HK\$843.54 million). Further sales based milestones are set for after this, with the full payment of €25 million (or approximately US\$27.08 million or HK\$210.88 million) being due to Plethora when cumulative net sales of PSD502™ by Recordati or its affiliates exceed €450 million (or approximately US\$487.40 million or HK\$3,795.93 million).

Under the agreement with Recordati, Recordati will assume responsibility for commercialisation activities in the Recordati territory and will fund all costs associated with the: (i) sales and marketing programmes; and (ii) regulatory filings that it intends to pursue.

The agreement with Recordati is for an indefinite period and contains customary provision in respect of termination. In addition, the agreement contains various warranties and indemnities as are customary for such an agreement.

Plethora’s interim results for the six months ended 30 June 2015, announced on 28 August 2015, indicated that positive progress had been made in the redesign and manufacture of the PSD502™ product, along with progress in preparations for the submission of the NDA with the FDA and various discussions with new potential licensing partners. Since then, production of the reduced fill can has progressed to schedule with all three good manufacturing practice (“**GMP**”) batches successfully completed in early December 2015 by Pharmaserve. These batches are now on stability testing with Catalent in the United Kingdom. The Plethora Directors expect Recordati commercially launch the product in the EU during the latter half of 2016 and, as disclosed above

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## LETTER FROM THE BOARD

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and under the terms of Plethora's licence agreement with Recordati, a payment of up to €10 million (or approximately US\$10.83 million or HK\$84.35 million) in total is payable upon first commercial sales of PSD502™ in France, Germany, Italy, Spain and Portugal (being a payment of €2 million (or approximately US\$2.17 million or HK\$16.87 million) in respect of each of these countries), to coincide with the availability of the first commercial production batches and Recordati's pre-launch marketing processes.

As stated above, Plethora has obtained the marketing approval from the EMA in November 2013 for marketing PSD502™ within the EU.

Plethora, through its US regulatory consultant, is in the process of submitting an NDA with the FDA. Plethora has made significant progress in the preparation for the start of the supplementary Phase III clinical study required by the FDA for the completion of an NDA. Plethora is interacting with the FDA with agreement achieved on the final form and content of the Patient Reported Outcome (PRO or PE) questionnaire or the "copyrightable" PEBEQ (Premature Ejaculation Bothersome Evaluation Questionnaire) to be used in this supplementary Phase III clinical study. The final testing stage of the PRO development, the "quantitative stage" is expected to be finalised and submitted to the FDA by the end of Q1 2016. The Phase III clinical study is anticipated to start in Q3 2016. It is therefore expected that the NDA will be filed with the US FDA in Q2 2017 and in accordance with mandates set forth by the Prescription Drug User Fee Act (PDUFA date), the FDA will be required to respond to the dossier within a 10 month timescale, which would facilitate approval in the USA by Q2 2018 and a commercial launch shortly thereafter.

All other regulatory approvals for territories outside the US, EU, Europe (non-EU countries), Russia, Commonwealth of Independent States, Turkey and certain North African countries, will be applied for by Plethora's licensing partners for these territories when licensing agreements have been entered into.

Plethora's management believes the premature ejaculation market will in due course be worth between US\$500 million and US\$3 billion.

Plethora's management is focused on commercialising PSD502™ with other strategic marketing partners and obtaining NDA approval for PSD502™ with the FDA.

With an appropriate funding structure in place, which the Plethora Directors, including the Independent Plethora Director, believe the Transaction will result in, the Plethora Directors consider that Plethora will be well placed to achieve full commercialisation of PSD502™ in various international markets through existing and new partners.

The board of directors of Plethora consists of James Mellon (Non-Executive Chairman), Jamie Gibson (Executive Director and Chief Executive Officer), Michael G Wyllie (Chief Scientific Officer), Greg Bailey (Non-Executive Director) and Anthony Baillieu (Non-Executive Director).

For an update on Plethora's current trading and prospects, please refer to paragraph 6.1 of Part I of the Scheme Document.

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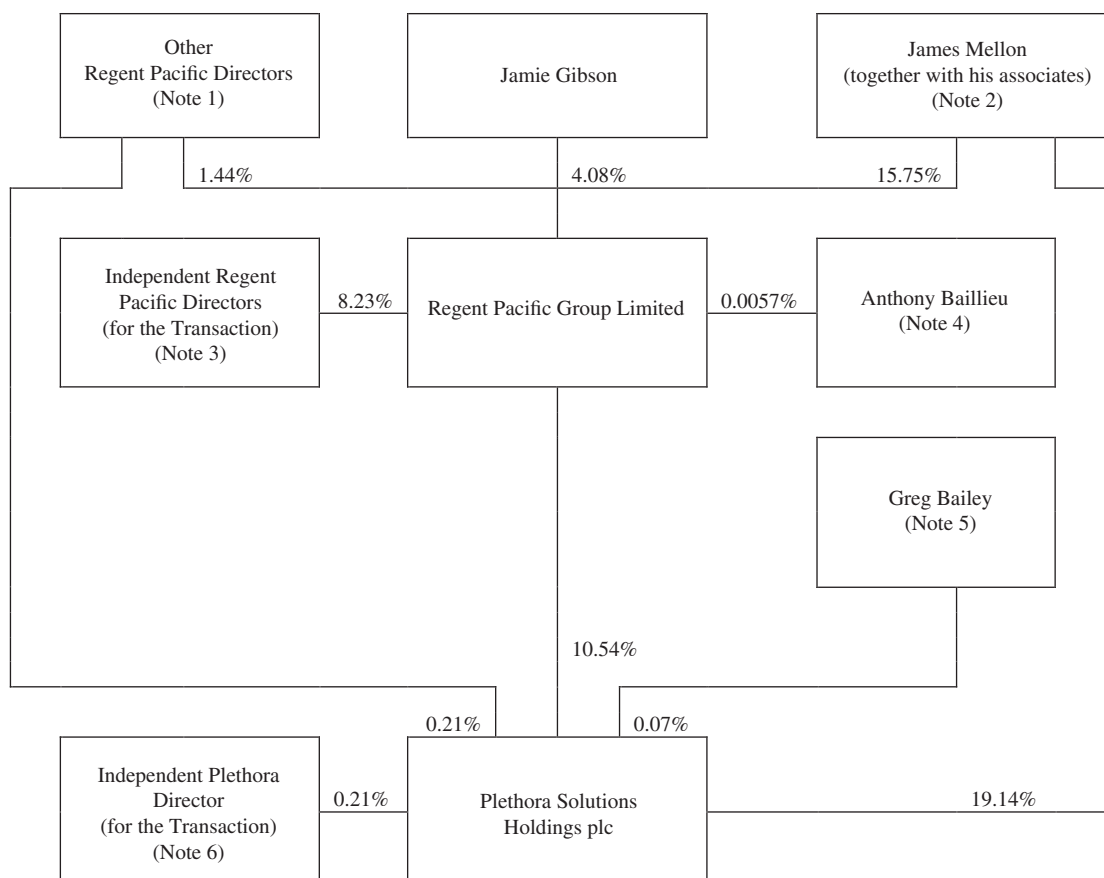
## LETTER FROM THE BOARD

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Further details of Plethora’s assets, operations and share capital can be found on the Plethora web site [www.plethorasolutions.co.uk](http://www.plethorasolutions.co.uk).

### 9 STRUCTURE OF THE TRANSACTION

#### Before the Transaction becoming Effective



*Notes:*

1. Being Company Directors who, pre-Transaction, either held shares in Plethora (Mark Searle) or were members of the Declared Concert Party Group (Jayne Sutcliffe).
2. To include the holdings of: (i) James Mellon’s parents (being Sir James Mellon and Lady Philippa Mellon), whose interests held in the Company were not and are not required to be disclosed under James Mellon’s interests pursuant to the Securities and Futures Ordinance; (ii) Galloway Limited (an affiliate of James Mellon); (iii) Port Erin Biopharma Investments Limited (James Mellon being a 29 per cent. shareholder and chairman — while not strictly an “associate” under the Exchange Rules); and (iv) Anderson Whamond (a member of the “Declared Concert Party Group”).
3. The independent Company Directors for the purpose of the Transaction are: (i) Stephen Dattels; (ii) David Comba; and (iii) Julie Oates.

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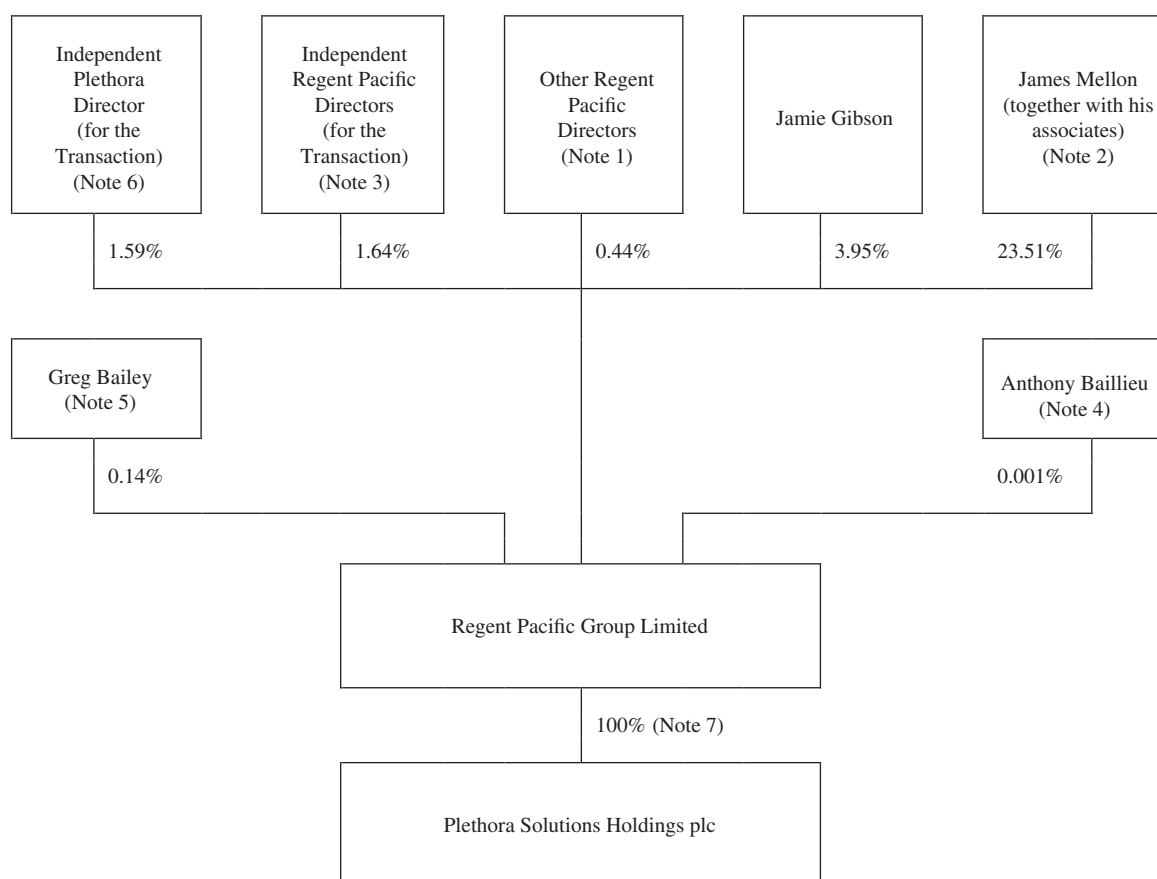
## LETTER FROM THE BOARD

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4. Anthony Baillieu, who was appointed as a non-executive director of Plethora on 12 May 2015, was formerly a Director of the Company having resigned in October 2005 but remains as a director of two of the Company's dormant and 50.99 per cent owned subsidiaries (being AstroEast.com Limited and AstroEast.com (Hong Kong) Limited), holding such positions since January 2000.
5. Greg Bailey does not form part of Declared Concert Party Group and is not an Independent Plethora Director.
6. The Independent Plethora Director for the purpose of the Transaction is Michael G Wyllie.
7. Assuming that the Company or Plethora does not issue any new shares between the Latest Practicable Date and the Effective Date, other than the issue of Consideration Shares by the Company under the Transaction.

The diagram assumes that the Company or Plethora does not issue any new shares between the Latest Practicable Date and the Effective Date (including in connection with the Plethora Convertible Instruments, Plethora LTIP and Plethora Option Scheme), other than the issue of Consideration Shares by the Company under the Transaction.

### After the Transaction is Effective



*Notes:*

1. Being Company Directors who, pre-Transaction, either held shares in Plethora (Mark Searle) or were members of the Declared Concert Party Group (Jayne Sutcliffe).



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## LETTER FROM THE BOARD

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2. To include the holdings of: (i) James Mellon's parents (being Sir James Mellon and Lady Philippa Mellon), whose interests held in the Company were not and are not required to be disclosed under James Mellon's interests pursuant to the Securities and Futures Ordinance; (ii) Galloway Limited (an affiliate of James Mellon); (iii) Port Erin Biopharma Investments Limited (James Mellon being a 29 per cent. shareholder and chairman — while not strictly an "associate" under the Exchange Rules); and (iv) Anderson Whamond (a member of the "Declared Concert Party Group").
3. The independent Company Directors for the purpose of the Transaction are: (i) Stephen Dattels; (ii) David Comba; and (iii) Julie Oates.
4. Anthony Baillieu, who was appointed as a non-executive director of Plethora on 12 May 2015, was formerly a Director of the Company having resigned in October 2005 but remains as a director of two of the Company's dormant and 50.99 per cent owned subsidiaries (being AstroEast.com Limited and AstroEast.com (Hong Kong) Limited), holding such positions since January 2000.
5. Greg Bailey does not form part of Declared Concert Party Group and is not an Independent Plethora Director.
6. The Independent Plethora Director for the purpose of the Transaction is Michael G Wyllie.
7. It assumes that the Company acquires all the shares that it does not presently own in Plethora by way of the Transaction.

The diagram assumes that the Company or Plethora does not issue any new shares between the Latest Practicable Date and the Effective Date (including in connection with the Plethora Convertible Instruments, Plethora LTIP and Plethora Option Scheme), other than the issue of Consideration Shares by the Company under the Transaction.

### 10 SOURCES OF FUNDS AND WORKING CAPITAL

Given that the Transaction involves an all-share offer to acquire the issued and to be issued Plethora Shares that the Company does not already own, the Transaction, save for any fees incurred, does not involve the payment of cash consideration.

Structuring the acquisition by way of the issue of the Consideration Shares is regarded by the Group as being a sensible and appropriate method of payment for the Transaction.

The Company does not currently have any plans in respect of further fund raising and will monitor the business needs and capital requirements of the Group and, assuming completion of the Transaction, the Enlarged Group on an ongoing basis.

### 11 REMUNERATION ARRANGEMENTS — JAMIE GIBSON

A number of discussions took place during 2014 and in 2015 between the members of the Plethora Remuneration Committee in relation to the large time commitment of Jamie Gibson as CEO of Plethora and the level of his remuneration being inadequate for the role he was performing. A consultancy agreement was originally entered into between the Company and

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## LETTER FROM THE BOARD

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Plethora on 1 November 2013, under which the Company agreed to make available Jamie Gibson (or such other suitably qualified individual) to carry out such services and duties relating to Plethora as may be agreed between the Company and Plethora from time to time (the “**Consultancy Agreement**”). The amount payable by Plethora to the Company under the Consultancy Agreement was £36,000 (or approximately US\$54,468 or HK\$422,176) per annum from 1 January 2014 to 31 December 2014 and £50,000 (or approximately US\$75,650 or HK\$586,356) per annum from 1 January 2015 onwards.

On 30 September 2015, the Plethora Remuneration Committee (comprising James Mellon and Anthony Baillieu) agreed to award Jamie Gibson a salary of £200,000 (or approximately US\$302,600 or HK\$2,345,422) per annum less the amount of the payment made by Plethora to the Company under the Consultancy Agreement, with effect retrospectively from 1 January 2014 to reflect his substantial services to Plethora since that date (the “**CEO Salary**”).

As a result, on 22 October 2015, a payment of £276,497 (or approximately US\$418,340 or HK\$3,242,511) was made by Plethora to Jamie Gibson for his services since 1 January 2014 (the “**Retrospective Salary Payment**”). This amount represents (i) £164,000 (or approximately US\$248,132 or HK\$1,923,246) for the calendar year ended 31 December 2014 (being £200,000 (or approximately US\$302,600 or HK\$2,345,422) less £36,000 (or approximately US\$54,468 or HK\$422,176) paid to the Company pursuant to the terms of the Consultancy Agreement) and (ii) £112,497 (or approximately US\$170,208 or HK\$1,319,265) for the 9 months from 1 January 2015 to 30 September 2015 (being 9/12 of £200,000 (or approximately US\$302,600 or HK\$2,345,422) less £37,503 (or approximately US\$56,742 or HK\$439,802) paid to the Company for the same period pursuant to the terms of the Consultancy Agreement).

The Independent Plethora Director considers the quantum of the CEO Salary and the Retrospective Salary Payment, to be fair and reasonable for a CEO of Plethora (also taking into account the amounts payable to the Company under the Consultancy Agreement), reflects the fact that Jamie Gibson’s actual time commitment since 1 January 2014 has been considerably higher than expected and considers that the salary brings Jamie Gibson’s remuneration to a reasonable level.

Following completion of the Transaction, the remuneration arrangements currently in place between (i) Jamie Gibson and Plethora, and (ii) the Company and Plethora, will cease.

## 12 DISCLOSURE OF INTERESTS IN PLETHORA

As announced on 17 November 2015, the Company made an Opening Position Disclosure, setting out the details required to be disclosed by it under Rule 8.1(a) of the UK Takeover Code, on 17 November 2015, which also included all relevant details in respect of all its Concert Parties. An updated Opening Position Disclosure was made by the Company on 20 January 2016, which was announced by the Company on the same day.

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## LETTER FROM THE BOARD

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### 13 INDEPENDENT BOARD COMMITTEE AND INDEPENDENT FINANCIAL ADVISER

An Independent Board Committee has been established by the Company, comprising David Comba and Julie Oates, both being Independent Non-Executive Directors, who have, pursuant to a letter from the Independent Board Committee set out in this circular, set out their advice and recommendations to the Independent Shareholders on the Transaction.

Altus Capital Limited has been appointed by the Company as its independent financial adviser to advise the Independent Board Committee and the Independent Shareholders on the Transaction. A letter from the Independent Financial Adviser setting out their advice and recommendations to the Independent Shareholders is included in this circular.

### 14 INCREASE IN AUTHORISED SHARE CAPITAL

In order to provide for the issue and allotment of the Consideration Shares and to provide the Company with greater flexibility to raise future equity capital under a share issue general mandate to be sought from the Shareholders at general meeting, which will empower the Directors to issue, allot or otherwise deal with additional Shares up to a maximum of 20 per cent of the issued Shares as at the date when the relevant resolution is passed, the Directors propose that the authorised share capital of the Company be increased from US\$105,500,000 to US\$235,500,000 by the addition of US\$130,000,000 divided into 13,000,000,000 new Shares.

The increase in the Company's authorised share capital is subject to the approval by the Shareholders by way of an ordinary resolution at the Extraordinary General Meeting.

### 15 VERY SUBSTANTIAL AND CONNECTED TRANSACTION

The Transaction, together with prior acquisitions of Plethora Shares made within the past 12 months, constitutes a very substantial acquisition for the Company and is subject to reporting, announcement and shareholders' approval requirements under the Exchange Rules.

In addition, given that: (i) James Mellon (Non-Executive Co-Chairman of the Company currently holding, by himself and his associates, 15.35 per cent. of the total issued share capital of the Company); (ii) Jamie Gibson (Executive Director and Chief Executive Officer of the Company currently holding, by himself, 4.08 per cent. of the total issued share capital of the Company); and (iii) Mark Searle (Independent Non-Executive Director of the Company currently holding, by himself and his associate, 0.14 per cent. of the total issued share capital of the Company) are all shareholders and/or holders of the Plethora Convertible Instruments and/or awards under the Plethora LTIP and, in the case of James Mellon and Jamie Gibson, directors of Plethora, are connected persons of the Group, the Transaction will constitute a connected transaction of the Company under Chapter 14A of the Exchange Rules and is therefore subject to reporting, announcement and independent shareholders' approval requirements under Chapter 14A of the Exchange Rules.

Furthermore, Anthony Baillieu, who was appointed as a non-executive director of Plethora on 12 May 2015, was formerly a Director of the Company having resigned in October 2005, but

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## LETTER FROM THE BOARD

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remains as a director of two of the Company's dormant subsidiaries (being AstroEast.com Limited and AstroEast.com (Hong Kong) Limited), holding such positions since January 2000. Mr Baillieu currently holds, through a nominee company owned by his family, but to his own individual account, 0.0057 per cent. of the total issued share capital of the Company.

In respect of the Plethora Shares (issued and to be issued) held by the connected persons, which will be included and acquired pursuant to the Transaction, it is noted that:

- (a) James Mellon (by himself and his associates) currently holds 155,358,771 issued Plethora Shares and rights in respect of 72,118,431 to-be-issued Plethora Shares, which were acquired at an aggregate consideration of £4,359,531 or 1.916 pence per Plethora Share, as detailed below:
  - (i) In October 2011 — an aggregate of 16,000,000 Plethora Shares at 2.5 pence per Plethora Share, for an aggregate consideration of £400,000;
  - (ii) In June 2012 — an aggregate 5,000,000 Plethora Shares at 5 pence per Plethora Share, for an aggregate consideration of £250,000;
  - (iii) In April 2013 — an aggregate of 30,000,000 Plethora Shares at 2 pence per Plethora Share, for an aggregate consideration of £632,000;
  - (iv) In April 2013 — an aggregate of 4,667,808 Plethora Shares at 2 pence per Plethora Share in lieu of payment of accrued interest in respect of certain previous loans owed by Plethora, for an aggregate consideration of £93,356;
  - (v) In April 2013 — an aggregate of 845,000 Plethora Shares at 2 pence per Plethora Share in lieu of payment of directors' fees, for an aggregate consideration of £16,900;
  - (vi) In November 2013 — an aggregate of 413,991 Plethora Shares at 2.18 pence per Plethora Share in lieu of payment of directors' fees, for an aggregate consideration of £9,025;
  - (vii) In November 2013 — an aggregate of 47,725 Plethora Shares at 12.75 pence per Plethora Share in lieu of payment of directors' fees, for an aggregate consideration of £6,085;
  - (viii) On 31 March 2015 — an aggregate of 98,384,247 Plethora Shares at 2 pence per Plethora Share in lieu of payment of previous outstanding loans, together with accrued interest in respect of the amounts owed by Plethora, for an aggregate consideration of £1,967,685;
  - (ix) On 31 March 2015 — a convertible loan in the amount of £340,000 repayable on 31 March 2020, with an interest rate of 5 per cent. per annum (with the interest accrued and payable quarterly in cash), which may otherwise be converted into an aggregate of 17,000,000 Plethora Shares at 2 pence per Plethora Share;

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## LETTER FROM THE BOARD

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- (x) On 22 December 2014 — an award under the Plethora LTIP in respect of 1,000,000 Plethora Shares, which was awarded at no consideration; and
- (xi) On 17 October 2011 — warrants, which may otherwise be converted into an aggregate of 54,118,431 Plethora Shares at 1.25 pence per Plethora Share at an aggregate consideration of £676,480;
- (b) Jamie Gibson currently holds an award under the Plethora LTIP in respect of 35,000,000 Plethora Shares, which was awarded at no consideration; and
- (c) Mark Searle (by himself and his associates) currently holds 1,700,000 issued Plethora Shares, which were acquired for an aggregate consideration of £57,651 or 3.39 pence per Plethora Share, as detailed below:
  - (i) In November 2012 — an aggregate of 700,000 Plethora Shares for an aggregate consideration of £37,381 (or at an average price of 5.34 pence); and
  - (ii) In March 2013 — an aggregate of 1,000,000 Plethora Shares for an aggregate consideration of £20,270 (or at an average price of 2.027 pence).

Save for the above, to the best of the Directors' knowledge, information and belief and having made all reasonable enquiries, each of Plethora and its/their respective beneficial owner(s) and associate(s) is a third party independent of the Company and is not a connected person of the Group.

Completion of the Transaction is conditional upon, *inter alia*, the approval by a simple majority of the Independent Shareholders present and voting (in person or by proxy) at the Extraordinary General Meeting of the Transaction (including the issuance and allotment of the Consideration Shares).

### 16 DIVIDENDS AND DIVIDEND POLICY

The Company has a positive history of returning value to its Shareholders by way of distributing dividends to its Shareholders based on the results of the Group and its financial condition, cash requirements, prospects, profits available for distribution and the prevailing market outlook at the time. There can be no assurance, however, that dividends will be made on an annual and/or semi-annual basis. The Board will continue to evaluate the Enlarged Group's ability to return value to its Shareholders following the Scheme becoming Effective. The Board envisages that, if dividends are paid in the future, the level of such dividends would be determined based on, and depend upon, the same factors currently considered by the Board.

### 17 GENERAL

The Transaction will be made on the terms and subject to the conditions and further terms set out in Appendix I to this circular. The sources of information and bases of calculations contained in this circular are set out in Appendix II to this circular. A summary of the irrevocable undertaking and letters of intent is contained in Appendix III to this circular. Your attention is also drawn to the risk factors set out on pages 93 to 113 of this circular.

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## LETTER FROM THE BOARD

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The Scheme will be governed by English law and subject to the applicable rules and regulations of the London Stock Exchange, the UK Takeover Panel and the FCA. The Consideration Shares are not being offered to the public by means of this circular or the Scheme Document. Neither this circular nor the Scheme Document constitutes an offer or an invitation to purchase or subscribe for any securities.

An Extraordinary General Meeting will be convened by the Company inviting Independent Shareholders to consider and, if thought fit, approve the Transaction (including the issuance and allotment of the Consideration Shares) and the increase in the Company's authorised share capital.

Given their interests in Plethora, James Mellon, Jamie Gibson, Mark Searle and Anthony Baillieu (and their respective associates, including members of the Declared Concert Party Group) will be required to abstain from voting in respect of the resolution(s) to be presented at the Extraordinary General Meeting.

No other shareholders shall be required to abstain from voting in respect of any of the resolution(s).

On 4 February 2016, Plethora published the Scheme Document to the Plethora Shareholders, which includes the Scheme, together with notices convening the Plethora General Meeting as well as the Plethora Court Meeting (such meetings being intended to be held on the same day as the Extraordinary General Meeting), seeking the requisite approvals of the Plethora Shareholders for, *inter alia*, the Scheme. A copy of the Scheme Document is available on the Company's website at [www.regentpac.com](http://www.regentpac.com) and on Plethora's web site [www.plethorasolutions.co.uk](http://www.plethorasolutions.co.uk).

All information in the Scheme Document relevant to the Shareholders has been included in this circular.

The Company will issue further announcements informing Shareholders and potential investors about the progress being made in respect of the Transaction as and when appropriate or required.

**As completion of the Transaction is subject to the fulfilment of a number of conditions, including approval from the Independent Shareholders, the Transaction may or may not proceed. Shareholders and potential investors are reminded to exercise caution when dealing in the Shares.**

### 18 EXTRAORDINARY GENERAL MEETING

The Extraordinary General Meeting is convened by the Company for the Shareholders to consider and, if thought fit, approve the Transaction (including the issuance and allotment of the Consideration Shares) and the increase in the Company's authorised share capital.

As noted above, given their interests held in the Transaction, the Declared Concert Party Group, Jamie Gibson, Mark Searle, Anthony Baillieu and Greg Bailey (and their respective associates) will be required to abstain from voting in respect of the proposed resolution(s) at the Extraordinary General Meeting.

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## LETTER FROM THE BOARD

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Save for the above, to the best of the Directors' knowledge, information and belief and having made all reasonable enquiries, each of Plethora and its/their respective beneficial owner(s) and associate(s) is a third party independent of the Company and is not a connected person of the Group. Accordingly, it is expected that no other Shareholders shall be required to abstain from voting at the Extraordinary General Meeting in respect of any of the proposed resolution(s).

The EGM Notice is set out in pages EGM-1 to EGM-3 of this circular. Whether or not you are able to attend the meeting, please complete the accompanying form of proxy in accordance with the instructions printed thereon and return it, accompanied by the power of attorney (if applicable) or other authority (if any) under which it is signed or a certified copy of that power of attorney, to the Company Secretary at the Company's principal place of business in Hong Kong as soon as possible but in any event not later than 11:00 a.m. on Monday, 29 February 2016. Completion and return of the form of proxy will not prevent you from attending and voting in person at the meeting or any adjourned meeting if you so wish.

Under Article 66 of the Articles of Association, subject to any special rights or restrictions as to voting for the time being attached to any Shares by or in accordance with the Articles of Association, at any general meeting on a show of hands every member present in person (or being a corporation, present by a representative duly authorised) or by proxy shall have one vote and on a poll every member present in person or by proxy or, in the case of a member being a corporation, by its duly authorised representative shall have one vote for every fully paid Share of which he is the holder but so that no amount paid up or credited as paid up on a Share in advance of calls or instalments is treated for the foregoing purposes as paid up on the Share. Where a member is, under the Exchange Rules, required to abstain from voting on any particular resolution or restricted to voting only for or only against any particular resolution, any votes cast by or on behalf of such member in contravention of such requirement or restriction shall not be counted.

According to Rule 13.39(4) of the Exchange Rules, the chairman of the Extraordinary General Meeting will demand a poll on all resolution(s) proposed at the meeting.

### **19 DIRECTORS' RECOMMENDATION**

The Directors consider that the Transaction is fair and reasonable and in the best interests of the Group and the Shareholders as a whole. Accordingly, the Directors recommend that all Independent Shareholders vote in favour of the resolution(s) proposed at the Extraordinary General Meeting.

All Directors of the Company (except James Mellon, Jamie Gibson, Mark Searle and Jayne Sutcliffe who, together with their respective associates, will be required to abstain from voting in respect of the proposed resolution(s) at the Extraordinary General Meeting) intend to vote any Shares in respect of which they have the power to direct a vote in favour of the resolution(s) to be put to Shareholders in relation to the Transaction.

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## LETTER FROM THE BOARD

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### 20 ADDITIONAL INFORMATION

Your attention is also drawn to the recommendation and advice set out in the respective letters from the Independent Board Committee and the Independent Financial Adviser and the financial and additional information set out in the appendices to this circular.

Yours faithfully  
On behalf of the Board of  
**Regent Pacific Group Limited**

**James Mellon**  
*Co-Chairman*

#### **Enquiries:**

##### **Peel Hunt LLP (Financial Adviser to Regent Pacific)**

Charles Batten  
Oliver Jackson

Tel: +44 207 418 8900

##### **Finsbury Asia Limited (Communications Adviser to Regent Pacific):**

London: Faeth Birch  
Asia: Alastair Hetherington

Tel: +44 207 251 3801  
Tel: +852 3166 9888

##### **Plethora**

Michael G Wyllie, Chief Scientific Officer

Tel: +44 203 077 5400

##### **Herax Partners LLP (Financial Adviser to Plethora)**

John Mellett  
Angus MacPherson

Tel: +44 207 399 1680

##### **finnCap (Plethora Nominated Adviser and Broker)**

Geoff Nash  
Grant Bergman

Tel: +44 207 220 0500  
(Corporate Finance)

##### **Citigate Dewe Rogerson (Communications Adviser to Plethora):**

David Dible  
Sylvie Berrebi

Tel: +44 20 7638 9571

#### ***Important Notices***

*The Transaction is subject to the conditions and further terms set out in Appendix I to this circular and in Scheme Document. Appendix II to this circular contains the sources of information and bases of calculations of certain information contained in this circular. Appendix III to this circular contains details of the irrevocable undertaking and letters of intent received in relation to the Transaction.*



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## LETTER FROM THE BOARD

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*Peel Hunt LLP, which is authorised and regulated by the Financial Conduct Authority in the United Kingdom, is acting exclusively for Regent Pacific and no one else in connection with the Transaction and will not be responsible to anyone other than Regent Pacific for providing the protections afforded to clients of Peel Hunt LLP or for providing advice in connection with the Transaction, the content of this circular or any matter or arrangement referred to herein. Neither Peel Hunt LLP nor any of its subsidiaries, branches or affiliates, owes or accepts any duty, liability or responsibility whatsoever (whether direct or indirect, whether in contract, in tort, under statute or otherwise) to any person who is not a client of Peel Hunt LLP in connection with this circular, any statement contained herein or otherwise.*

*Altus Capital Limited, which is licensed by the Securities and Futures Commission in Hong Kong, is acting exclusively as an independent financial adviser for the Company and no one else in connection with the Transaction and will not be responsible to anyone other than the Company for providing the protections afforded to clients of Altus Capital Limited or for providing advice in connection with the Transaction, the content of this circular or any matter or arrangement referred to herein. Neither Altus Capital Limited nor any of its subsidiaries or affiliates, owes or accepts any duty, liability or responsibility whatsoever (whether direct or indirect, whether in contract, in tort, under statute or otherwise) to any person who is not a client of Altus Capital Limited in connection with this circular, any statement contained herein or otherwise.*

*Herax Partners LLP is authorised and regulated by the Financial Conduct Authority in the United Kingdom. Herax Partners LLP is acting exclusively as financial adviser to Plethora and no one else in connection with the Transaction and shall not be responsible to anyone other than Plethora for providing the protections afforded to clients of Herax Partners LLP nor for providing advice in connection with the Transaction or any matter referred to herein.*

### **Further information**

*This circular is for information purposes only. It is not intended to and does not constitute, or form part of, an offer, invitation or the solicitation of an offer to purchase, otherwise acquire, subscribe for, sell or otherwise dispose of any securities, or the solicitation of any vote or approval in any jurisdiction, pursuant to the Transaction or otherwise nor will there be any sale, issuance or transfer of securities in any jurisdiction in contravention of applicable law.*

*The Transaction will be made solely by means of the Scheme Document which, together with the Forms of Proxy, will contain the full terms and conditions of the Transaction including details of how to vote in respect of the Scheme.*

*This circular has been prepared for the purpose of complying with the Exchange Rules, English law and the UK Takeover Code and the information disclosed may not be the same as that which would have been disclosed if this circular had been prepared in accordance with the laws and regulations of jurisdictions outside of Hong Kong and the United Kingdom.*

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## LETTER FROM THE BOARD

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*The Transaction is subject to the applicable requirements of the UK Takeover Code, the Panel, AIM, the London Stock Exchange, the Financial Conduct Authority, the UKLA and the Exchange.*

*Plethora will prepare the Scheme Document to be distributed to Plethora Shareholders. Plethora urges Plethora Shareholders to read the Scheme Document when it becomes available because it will contain important information in relation to the Transaction, the Consideration Shares and the Enlarged Group. Any vote in respect of the Scheme or other response in relation to the Transaction should be made only on the basis of the information contained in the Scheme Document.*

*The Consideration Shares are not being offered to the public by means of this circular. This circular does not constitute a prospectus or prospectus equivalent document.*

*Regent Pacific reserves the right to elect to implement the acquisition of the entire issued and to be issued ordinary share capital of Plethora by way of an Offer. In such event, the Offer will be implemented on substantially the same terms as those which would apply to the Scheme (subject to appropriate amendments, including (without limitation, and if agreed with the Panel) the inclusion of an acceptance condition set at 90 per cent. of the shares to which such Offer relates or such lesser percentage, being more than 50 per cent., as Regent Pacific may decide).*

### **Overseas Plethora Shareholders**

*The release, publication or distribution of this circular in certain jurisdictions may be restricted by law. Persons who are not resident in Hong Kong or in the United Kingdom or who are subject to other jurisdictions should inform themselves of, and observe, any applicable requirements. Any failure to comply with the applicable requirements may constitute a violation of the laws of any such jurisdiction.*

*The Transaction relates to shares of both an Exchange listed company and those of a UK company and is proposed to be effected by means of a scheme of arrangement under the laws of England and Wales. A transaction effected by means of a scheme of arrangement is not subject to proxy solicitation or tender offer rules under the US Exchange Act. Accordingly, the Scheme is subject to the disclosure requirements, rules and practices applicable in the United Kingdom to schemes of arrangement, which differ from the requirements of US proxy solicitation or tender offer rules. However, if Regent Pacific were to elect to implement the Transaction by means of an Offer, such Offer will be made in compliance with all applicable laws and regulations, including the relevant provisions of Section 14(e) of the US Exchange Act and Regulation 14E thereunder. Such Offer would be made in the United States by Regent Pacific and no one else. In addition to any such Offer, Regent Pacific, certain affiliated companies and the nominees or brokers (acting as agents) may make certain purchases of, or arrangements to purchase, shares in Plethora outside such Offer during the period in which such Offer would remain open for acceptance. If such purchases or arrangements to purchase were to be made they would be made outside the United States and would comply with applicable law, including the US Exchange Act. Any information about such purchases will be disclosed as required in the UK, will be reported to a Regulatory Information Service of the UKLA and will be available on the London Stock Exchange website: [www.londonstockexchange.com](http://www.londonstockexchange.com).*

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## LETTER FROM THE BOARD

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*This circular is not an offer of securities for sale in the United States and the Consideration Shares, which will be issued in connection with the Transaction, have not been, and will not be, registered under the US Securities Act or under the securities law of any state, district or other jurisdiction of the United States or any Restricted Jurisdiction and no regulatory clearance in respect of the Consideration Shares has been, or will be, applied for in any jurisdiction other than the United Kingdom. Accordingly, the Consideration Shares may not be offered, sold, resold, delivered, distributed or otherwise transferred, directly or indirectly, in or into the United States absent registration under the US Securities Act or an exemption therefrom. The Consideration Shares are expected to be issued in reliance upon the exemption from the registration requirements of the US Securities Act provided by Section 3(a)(10) thereof. Plethora Shareholders (whether or not US persons) who are or will be affiliates (within the meaning of the US Securities Act) of Regent Pacific or Plethora prior to, or of Regent Pacific after, the Effective Date will be subject to certain US transfer restrictions relating to the Consideration Shares received pursuant to the Scheme.*

*None of the securities referred to in this circular have been approved or disapproved by the SEC, any state securities commission in the United States or any other US regulatory authority, nor have such authorities passed upon or determined the adequacy or accuracy of the information contained in this circular. Any representation to the contrary is a criminal offence in the United States.*

*Regent Pacific is organised under the laws of the Cayman Islands. Plethora is organised under the laws of England and Wales. All of the officers and directors of Regent Pacific and Plethora are residents of countries other than the United States. The significant majority of the assets of Regent Pacific and Plethora are located outside of the United States. As a result, it may not be possible to effect service of process within the United States upon Regent Pacific, Plethora, or any of their respective officers or directors, or to enforce outside the United States judgements obtained against Regent Pacific, Plethora, or any of their respective officers or directors in US courts, including, without limitation, judgements based upon the civil liability provisions of the US federal securities laws or the laws of any state or territory within the United States. It may not be possible to sue Regent Pacific or Plethora or their respective officers or directors in a non-US court for violations of US securities laws. It may be difficult to compel Regent Pacific, Plethora and their respective affiliates to subject themselves to the jurisdiction and judgment of a US court.*

*Warning: Hong Kong holders of Plethora Shares are advised to exercise caution in relation to the Transaction and the contents of this circular. If a Hong Kong holder of Plethora Shares is in any doubt about any of the contents of this circular, they should obtain independent professional advice. Please note that (i) neither this circular nor any other document constitutes an offer or sale in Hong Kong of the Shares, (ii) no Shares may be offered or sold in Hong Kong by means of this circular or any other document other than to professional investors within the meaning of Part I of Schedule 1 to the Securities and Futures Ordinance and any rules made thereunder (“**professional investors**”), or in other circumstances which do not result in this circular being a “prospectus” as defined in the Companies (Winding Up and Miscellaneous Provisions) Ordinance of Hong Kong (Cap. 32) (“**CWUMPO**”) or which do not constitute an offer or invitation to the public for the purposes of the CWUMPO or the Securities and Futures Ordinance, and (iii) no person shall issue or possess for the purposes of issue, whether in Hong Kong or elsewhere, any advertisement, invitation or document*

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## LETTER FROM THE BOARD

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*relating to the Shares which is directed at, or the contents of which are likely to be accessed or read by, the public in Hong Kong (except if permitted to do so under the securities laws of Hong Kong) other than with respect to those Shares which are or are intended to be disposed of only to persons outside Hong Kong or only to such professional investors.*

*Unless otherwise determined by Regent Pacific or required by the UK Takeover Code, and permitted by applicable law and regulation, the Transaction will not be made, directly or indirectly, in, into or from a Restricted Jurisdiction where to do so would violate the laws in that jurisdiction, and the Transaction will not be capable of acceptance from or within a Restricted Jurisdiction. Accordingly, copies of this circular and all documents relating to the Transaction are not being, and must not be, directly or indirectly, mailed, transmitted or otherwise forwarded, distributed or sent in, into or from a Restricted Jurisdiction where to do so would violate the laws in that jurisdiction, and persons receiving this circular and all documents relating to the Transaction (including custodians, nominees and trustees) must not mail or otherwise distribute or send them in, into or from such jurisdictions where to do so would violate the laws in that jurisdiction.*

*The availability of the Transaction to Plethora Shareholders who are not resident in the United Kingdom may be affected by the laws of the relevant jurisdictions in which they are resident. Persons who are not resident in the United Kingdom should inform themselves of, and observe, any applicable requirements.*

*The Consideration Shares may not be offered, sold or delivered, directly or indirectly, in, into or from any Restricted Jurisdiction or to, or for the account or benefit of, any Restricted Overseas Persons except pursuant to an applicable exemption from, or in a transaction not subject to, applicable securities laws of those jurisdictions.*

### **Forward Looking Statements**

*This circular, including any information included or incorporated by reference in this circular, contains statements about Regent Pacific and Plethora that are or may be forward looking statements. All statements other than statements of historical facts included in this circular may be forward looking statements. Without limitation, any statements preceded or followed by or that include the words “targets”, “plans”, “believes”, “expects”, “aims”, “intends”, “will”, “may”, “anticipates”, “estimates”, “projects” or words or terms of similar substance or the negative thereof, are forward looking statements. Forward looking statements include statements relating to the following: (i) future capital expenditures, expenses, revenues, earnings, synergies, economic performance, indebtedness, financial condition, dividend policy, losses and future prospects; (ii) business and management strategies and the expansion and growth of Regent Pacific’s or Plethora’s operations and potential synergies resulting from the Transaction; and (iii) the effects of government regulation on Regent Pacific’s or Plethora’s business.*

*Such forward looking statements involve risks and uncertainties that could significantly affect expected results and are based on certain key assumptions. Many factors could cause actual results to differ materially from those projected or implied in any forward looking statements. Much of the risk and uncertainty relates to factors that are beyond the companies’ abilities to control or estimate precisely, such as future market conditions and the behaviours of other market participants, and*

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## LETTER FROM THE BOARD

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*therefore undue reliance should not be placed on such statements which speak only as at the Latest Practicable Date. Neither Regent Pacific nor Plethora, nor any of their respective associates or directors, officers, employees, managers, agents, representatives, partners, members, consultants or advisers: (i) provide any representation, warranty, assurance or guarantee that the occurrence of the events expressed or implied in any forward looking statements will actually occur; nor (ii) assume any obligation to, and do not intend to, revise or update these forward looking statements, except as required pursuant to applicable law. Regent Pacific disclaims any obligation to update any forward looking or other statements contained herein, except as required by applicable law.*

### ***No profit forecasts or estimates***

*No statement in this circular is intended as a profit forecast or estimate for any period and no statement in this circular should be interpreted to mean that earnings or earnings per share for Regent Pacific or Plethora, as appropriate, for the current or future financial years would necessarily match or exceed the historical published earnings or earnings per share for Regent Pacific or Plethora, as appropriate. Neither the Company nor Plethora intends, or undertakes any obligation, to update information contained in this circular, except as required by applicable law, the Exchange Rules, the UK Takeover Code or other regulation.*

### ***Disclosure requirements of the UK Takeover Code***

*Under Rule 8.3(a) of the UK Takeover Code, any person who is interested in 1 per cent. or more of any class of relevant securities of an offeree company or of any securities exchange offeror (being any offeror other than an offeror in respect of which it has been announced that its offer is, or is likely to be, solely in cash) must make an Opening Position Disclosure following the commencement of the Offer Period and, if later, following the announcement in which any securities exchange offeror is first identified. An Opening Position Disclosure must contain details of the person's interests and short positions in, and rights to subscribe for, any relevant securities of each of (i) the offeree company and (ii) any securities exchange offeror(s). An Opening Position Disclosure by a person to whom Rule 8.3(a) applies must be made by no later than 3:30 p.m. (London time) on the 10th Business Day following the commencement of the Offer Period and, if appropriate, by no later than 3:30 p.m. (London time) on the 10th Business Day following the announcement in which any securities exchange offeror is first identified. Relevant persons who deal in the relevant securities of the offeree company or of a securities exchange offeror prior to the deadline for making an Opening Position Disclosure must instead make a Dealing Disclosure.*

*Under Rule 8.3(b) of the UK Takeover Code, any person who is, or becomes, interested in 1 per cent. or more of any class of relevant securities of the offeree company or of any securities exchange offeror must make a Dealing Disclosure if the person deals in any relevant securities of the offeree company or of any securities exchange offeror. A Dealing Disclosure must contain details of the dealing concerned and of the person's interests and short positions in, and rights to subscribe for, any relevant securities of each of (i) the offeree company and (ii) any securities exchange offeror, save to the extent that these details have previously been disclosed under Rule 8. A Dealing Disclosure by a person to whom Rule 8.3(b) applies must be made by no later than 3:30 p.m. (London time) on the Business Day following the date of the relevant dealing.*

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## LETTER FROM THE BOARD

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*If two or more persons act together pursuant to an agreement or understanding, whether formal or informal, to acquire or control an interest in relevant securities of an offeree company or a securities exchange offeror, they will be deemed to be a single person for the purpose of Rule 8.3.*

*Opening Position Disclosures must also be made by the offeree company and by any offeror and Dealing Disclosures must also be made by the offeree company, by any offeror and by any persons acting in concert with any of them (see Rules 8.1, 8.2 and 8.4).*

*Details of the offeree and offeror companies in respect of whose relevant securities Opening Position Disclosures and Dealing Disclosures must be made can be found in the Disclosure Table on the Panel's website at [www.thetakeoverpanel.org.uk](http://www.thetakeoverpanel.org.uk), including details of the number of relevant securities in issue, when the Offer Period commenced and when any offeror was first identified. If you are in any doubt as to whether you are required to make an Opening Position Disclosure or a Dealing Disclosure, you should contact the Panel's Market Surveillance Unit on +44 (0)20 7638 0129.*

### ***Electronic Communications***

*Please be aware that addresses, electronic addresses and certain information provided by Plethora Shareholders and other relevant persons for the receipt of communications from Plethora may be provided to Regent Pacific during the Offer Period as requested under Section 4 of Appendix 4 of the UK Takeover Code to comply with Rule 2.12(c) of the UK Takeover Code.*

### ***Publication on Websites and Availability of Hard Copies***

*A copy of this circular will be disseminated by Regent Pacific in compliance with the Exchange Rules and, in any event, made available at [www.plethorasolutions.co.uk](http://www.plethorasolutions.co.uk) and [www.regentpac.com](http://www.regentpac.com). The content of the websites referred to in this circular is not incorporated into and does not form part of this circular.*

### ***Rounding***

*Certain figures included in this circular have been subject to rounding adjustments. Accordingly, figures shown for the same category presented in different tables may vary slightly and figures shown as totals in certain tables may not be an arithmetic aggregation of the figures that precede them.*

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**LETTER FROM THE INDEPENDENT BOARD COMMITTEE**

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**REGENT PACIFIC GROUP LIMITED**

*(Incorporated in the Cayman Islands with limited liability)*

**(Stock code: 0575)**

4 February 2016

*To the Independent Shareholders*

Dear Sir or Madam

**VERY SUBSTANTIAL AND CONNECTED TRANSACTION:  
CONDITIONAL ALL SHARE TAKEOVER OFFER  
FOR  
PLETHORA SOLUTIONS HOLDINGS PLC  
(to be effected by way of a scheme of arrangement  
under Part 26 of the Companies Act 2006)**

We refer to the circular issued by the Company on 4 February 2016 (the “**Circular**”), of which this letter forms part. Terms defined in the Circular shall have the same meanings when used herein unless the context otherwise requires.

The Independent Board Committee has been established to advise the Independent Shareholders as to, in our opinion: (i) whether the terms and conditions of the Transaction (including the issuance and allotment of the Consideration Shares), details of which are set out in the “Letter from the Board” in pages 13 to 59 of the Circular, are fair and reasonable so far as the Company and the Independent Shareholders are concerned; (ii) whether the Transaction (including the issuance and allotment of the Consideration Shares) is on normal commercial terms and in the ordinary and usual course of business of the Group; and (iii) whether the Transaction (including the issuance and allotment of the Consideration Shares) is in the interests of the Company and the Shareholders as a whole; and (iv) how to vote on the Transaction (including the issuance and allotment of the Consideration Shares). Altus Capital Limited has been appointed as the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders in relation to the Transaction (including the issuance and allotment of the Consideration Shares).

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## LETTER FROM THE INDEPENDENT BOARD COMMITTEE

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Having taken into account the terms and conditions of the Transaction and taken into account the recommendation and advice from the Independent Financial Adviser in relation thereto as set out in pages 62 to 92 of the Circular, we are of the view that:

- the terms and conditions of the Transaction (including the issuance and allotment of the Consideration Shares) are fair and reasonable so far as the Company and the Independent Shareholders are concerned;
- the Transaction (including the issuance and allotment of the Consideration Shares) is on normal commercial terms and in the ordinary and usual course of business of the Group; and
- the Transaction (including the issuance and allotment of the Consideration Shares) is in the interests of the Company and the Shareholders as a whole.

Accordingly, we recommend the Independent Shareholders to vote at the Extraordinary General Meeting in favour of the resolution(s) approving the Transaction (including the issuance and allotment of the Consideration Shares).

Yours faithfully  
On behalf of the Board of  
**Regent Pacific Group Limited**

Independent Board Committee  
(comprising David Comba and  
Julie Oates)



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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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*The following is the text of a letter of advice from Altus Capital Limited to the Independent Board Committee and the Independent Shareholders in respect of the Transaction, which has been prepared for the purpose of incorporation in this circular.*

# ALTUS.

Altus Capital Limited  
21 Wing Wo Street  
Central  
Hong Kong

4 February 2016

*To the Independent Board Committee and the Independent Shareholders*

**Regent Pacific Group Limited**

8th Floor  
Henley Building  
5 Queen's Road Central  
Hong Kong

Dear Sirs,

**VERY SUBSTANTIAL AND CONNECTED ACQUISITION:  
CONDITIONAL ALL SHARE TAKEOVER OFFER  
FOR  
PLETHORA SOLUTIONS HOLDINGS PLC  
BY  
REGENT PACIFIC GROUP LIMITED  
(to be effected by way of a scheme of arrangement  
under Part 26 of the Companies Act 2006)**

### INTRODUCTION

We refer to our appointment as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders in respect of the Transaction. Details of the Transaction are set out in the "Letter from the Board" contained in the circular of the Company dated 4 February 2016 (the "**Circular**"), of which this letter forms part. Terms used in this letter shall have the same meanings as those defined in the Circular unless the context requires otherwise.

On 15 December 2015, the Company announced that it has reached agreement with the Independent Plethora Director on the terms of a recommended share-for-share takeover offer, pursuant to which the Company will acquire the entire issued and to be issued ordinary share capital of Plethora not already directly or indirectly owned by the Company. It is proposed that the Transaction will be effected by means of a scheme of arrangement of Plethora in the UK under Part 26 of the Companies Act (although the Company reserves the right to effect the Transaction by way of an Offer).

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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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Under the terms of the Transaction, each Plethora Shareholder (other than the Company) will receive 15.7076 new Shares for each Plethora Share. The aggregate number of Consideration Shares to be issued by the Company to Plethora Shareholders will be approximately 11,568,619,063 new Shares (assuming no further Plethora Shares are issued prior to the Effective Date), representing approximately 65.98 per cent. of the issued share capital of the Enlarged Group (assuming on a fully diluted basis).

Plethora is a UK-based specialty pharmaceutical company dedicated to the development and marketing of products for the treatment and management of urological disorders and which shares are quoted on AIM. Plethora's principal product is PSD502™, which is a prescription treatment for male premature ejaculation ("PE") that obtained marketing authorisation from the EMA, as formally granted by the European Commission, in November 2013.

### EXCHANGE RULES IMPLICATION

As one or more of the applicable percentage ratios in respect of the Transaction, together with prior acquisitions of Plethora Shares by the Company made within the past 12 months exceed 100%, the Transaction constitutes a very substantial acquisition of the Company under Chapter 14 of the Exchange Rules.

In addition, given that: (i) James Mellon (Non-Executive Co-Chairman of the Company currently holding, by himself and his associates, 15.35 per cent. of the total issued share capital of the Company); (ii) Jamie Gibson (Executive Director and Chief Executive Officer of the Company currently holding, by himself, 4.08 per cent. of the total issued share capital of the Company); and (iii) Mark Searle (Independent Non-Executive Director of the Company currently holding, by himself and his associate, 0.14 per cent. of the total issued share capital of the Company) are all shareholders and/or holders of the Plethora Convertible Instruments and/or awards under the Plethora LTIP and, in the case of James Mellon and Jamie Gibson, directors of Plethora, are connected persons of the Group, the Transaction constitutes a connected transaction of the Company. Anthony Baillieu, who was appointed as a non-executive director of Plethora on 12 May 2015, was formerly a Director of the Company having resigned in October 2005, but remains as a director of two of the Company's dormant subsidiaries (being AstroEast.com Limited and AstroEast.com (Hong Kong) Limited), holding such positions since January 2000. Mr. Baillieu currently holds, through a nominee company owned by his family, but to his own individual account, 0.0057 per cent. of the total issued share capital of the Company. The Transaction is subject to the reporting, announcement and independent shareholders' approval requirements under Chapter 14 and Chapter 14A of the Exchange Rules.

The Company will convene an EGM inviting Independent Shareholders to consider and, if thought fit, approve the Transaction (including the issuance and allotment of the Consideration Shares).

Given their interests in Plethora, James Mellon, Jamie Gibson, Mark Searle and Anthony Baillieu (and their respective associates, including members of the Declared Concert Party Group) are required to abstain from voting in respect of the resolution(s) to be presented at the EGM. No other shareholders shall be required to abstain from voting in respect of any of the resolution(s).

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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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### THE INDEPENDENT BOARD COMMITTEE

The Independent Board Committee, comprising two of the Independent Non-Executive Directors of the Company, namely David Comba and Julie Oates, has been established to consider the terms of the Transaction and to give advice and recommendation to the Independent Shareholders as to (i) whether the Transaction (including the issuance and allotment of the Consideration Shares) is entered into in the ordinary and usual course of business of the Company; (ii) whether the terms of the Transaction (including the issuance and allotment of the Consideration Shares) are on normal commercial terms and are fair and reasonable so far as the Independent Shareholders are concerned; (iii) whether the Transaction (including the issuance and allotment of the Consideration Shares) is in the interests of the Company and the Shareholders as a whole; and (iv) how the Independent Shareholders should vote in respect of the resolution(s) relating to the Transaction (including the issuance and allotment of the Consideration Shares) to be proposed at the EGM.

As the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders, our role is to give an independent opinion to the Independent Board Committee and the Independent Shareholders as to (i) whether the Transaction (including the issuance and allotment of the Consideration Shares) is entered into in the ordinary and usual course of business of the Company; (ii) whether the terms of the Transaction (including the issuance and allotment of the Consideration Shares) are on normal commercial terms and are fair and reasonable so far as the Independent Shareholders are concerned; (iii) whether the Transaction (including the issuance and allotment of the Consideration Shares) is in the interests of the Company and the Shareholders as a whole; and (iv) how the Independent Shareholders should vote in respect of the resolution(s) relating to the Transaction (including the issuance and allotment of the Consideration Shares) to be proposed at the EGM.

### BASIS OF OUR ADVICE

In formulating our opinion, we have relied on the statements, information, opinions and representations contained or referred to in the Circular and/or provided to us by the Company, the Directors and the management of the Company (the “**Management**”). We have assumed that all statements, information, opinions and representations contained or referred to in the Circular and/or provided to us were true, accurate and complete at the time they were made and continued to be so as at the date of the Circular.

We have no reason to believe that any statements, information, opinions or representations relied on by us in forming our opinion is untrue, inaccurate or misleading, nor are we aware of any material facts the omission of which would render the statements, information, opinions or representations provided to us untrue, inaccurate or misleading. We have assumed that all the statements, information, opinions and representations for matters relating to the Group contained or referred to in the Circular and/or provided to us by the Company, the Directors and the Management have been reasonably made after due and careful enquiry. We have relied on such statements, information, opinions and representations and have not conducted any independent investigation into the business, financial conditions and affairs or the future prospects of the Group.

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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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### PRINCIPAL FACTORS AND REASONS CONSIDERED

In arriving at our opinion and recommendation, we have taken into account the principal factors and reasons set out below:

#### 1. **Background information of the Group**

##### 1.1 *Principal business activities and information on the Group*

The Company is a diversified investment group currently holding various corporate and strategic investments across the healthcare and life sciences sectors, which has become its core focus, as well as legacy investments in the natural resources sector.

Over the years, the Company has been regularly evaluating and considering new investment opportunities in the market and investing in a diverse range of companies in order to enhance the value of all shareholders' investments in the Company.

The Company has generated average cash returns over the term of investment of nearly two times on material investment disposals (where the Company's investment was US\$1 million or more) over the last 6.5 years. This includes a 12.9 times cash return on the disposal of 938,978 shares in Binary Holdings Ltd. ("**Binary**", formerly known as "**Regent Markets Holdings Ltd.**") in April 2015 for an aggregate consideration of US\$15 million and a 2.2 times cash return on the disposal of the Company's entire investment in BC Iron Limited in 2013 for an aggregate consideration of US\$88.8 million. The Company also has a marked-to-market unrealised gain of 50.8 per cent. on its position in Endeavour Mining Corporation for the financial year ended 31 December 2015.

As the outlook of global resources industry has been challenging since the second half of 2012, the Company has moved away from the global resources industry and has, instead, pursued growth opportunities and opportunistic investments in the healthcare and life sciences sectors. In this respect, the Group, having made an initial investment in October 2011, further invested in Plethora between April 2013 and September 2014.

Following the disposal of a majority of its interest in Binary in April 2015, the Group intends, where possible and practicable, to sell its remaining non-healthcare and life sciences assets in the near future and focus all its attentions on its new healthcare and life sciences strategy.

##### 1.2 *Investment strategy of the Group*

We understand from the Management that in respect of the Company's investments, following due diligence, if the Company develops a level of satisfaction with the direction, performance and management of an investee company, the Company typically looks to further bolster its investment,

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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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often taking strategic positions to better protect its economic interest. The Company's investment strategy is normally conducted in three stages namely:

- (i) Make initial investments - The Company makes initial investments in the investee company in order to establish an interest. During this stage, the Company closely monitors the performance and prospects of the investee company.
- (ii) Management appointment - Arrange for appointment of one or more of the Company's directors to senior management of the investee company to actively participate in and assess current management and to increase the oversight and control of the investee company.
- (iii) Further investments - Provided that the appointed director(s) are satisfied in their assessments, the Company will make further investments or consolidate its stake in the investee company.

Throughout the years, the Company has applied a similar approach towards its investment in Plethora and other investee companies including BC Iron Limited, Venturex Resources Limited, Binary, Ji Ri Ga Lang Coal Project, Zhun Dong Coal Project, Yinzishan Mining Project, West China Coking & Gas Company Limited and The Diabetic Boot Company.

Accordingly, we are of the view that the Transaction adheres to the investment strategy of the Group and is entered into in the ordinary and usual course of business of the Company.

### 1.3 *Historical financial information of the Group*

Set out below is a summary of the audited financial information of the Group for each of the two years ended 31 December 2013 and 2014 as extracted from the Group's 2014 annual report (the "**Company 2014 Annual Report**") and the unaudited financial information of the Group for each of the six months ended 30 June 2014 and 2015 as extracted from the Group's 2015 interim report (the "**Company 2015 Interim Report**").

	<b>For the year ended</b>		<b>For the six months ended</b>	
	<b>31 December</b>		<b>30 June</b>	
	<b>2013</b>	<b>2014</b>	<b>2014</b>	<b>2015</b>
	<i>US\$'000</i>	<i>US\$'000</i>	<i>US\$'000</i>	<i>US\$'000</i>
	<i>(audited)</i>	<i>(audited)</i>	<i>(unaudited)</i>	<i>(unaudited)</i>
Revenue	2,730	206	130	187
Operating loss	(31,640)	(17,755)	(3,726)	(5,940)
Profit/(loss) for the year/period attributable to shareholders of the Company	(25,636)	(8,563)	12,676	126

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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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	As at 31 December		As at 30 June
	2013	2014	2015
	<i>US\$'000</i>	<i>US\$'000</i>	<i>US\$'000</i>
	<i>(audited)</i>	<i>(audited)</i>	<i>(unaudited)</i>
Non-current assets	11,667	32,444	30,007
Current assets	50,972	19,871	22,409
Current liabilities	(3,742)	(3,604)	(3,225)
Net assets	58,897	48,711	49,191

*Source: Company 2014 Annual Report and Company 2015 Interim Report*

*For the year ended 31 December 2014*

Revenue of the Group for the year ended 31 December 2014 was approximately US\$0.2 million, representing a decrease of approximately 92.5% from approximately US\$2.7 million of the previous year. The decrease was mainly attributable to the decrease in revenue from exchange gains.

Operating loss for the Group decreased by approximately 43.9% to approximately US\$17.8 million (2013: approximately US\$31.6 million). The decrease in the operating loss was mainly due to a decrease in employment benefit expenses of approximately 61.4% from approximately US\$10.9 million for the year ended 31 December 2013 to approximately US\$4.2 million for the year ended 31 December 2014; and a decrease in fair value loss on financial instruments of approximately 40.2% from approximately US\$18.8 million for the year ended 31 December 2013 to approximately US\$11.2 million for the year ended 31 December 2014.

The Company recorded a loss attributable to its shareholders of approximately US\$8.6 million (2013: approximately US\$25.6 million), which was mainly attributable to (i) the marked-to-market losses of approximately US\$11.7 million in respect of the Company's equity portfolio of financial assets at fair value through profit or loss, which is a non-cash item, (ii) the shared loss of associates by equity accounting of approximately US\$10.6 million, and (iii) the loss on deemed disposal of the interest in an associate, Plethora, of approximately US\$6.0 million while being offset, somewhat, by the unrealised gain from bargain purchase of Plethora of approximately US\$25.8 million due to the Group having classified Plethora, consistent with applicable accounting standards, as an associate of the Group from 1 January 2014.

The non-current assets of the Group as at 31 December 2014 recorded an increase to approximately US\$32.4 million (2013: approximately US\$11.7 million). The increase was mainly attributable to the significant increase in the Group's interest in its associates, namely the classification of Plethora as its associate on 1 January 2014. The current assets of the Group as at 31 December 2014 was approximately US\$19.9 million (2013: approximately US\$51.0 million), representing a decrease of approximately 61.0% from the previous year. Such decrease was mainly attributable to the decrease in both cash and bank balances and financial assets at fair value through profit or loss. The current liabilities of the Group remained at a relatively stable

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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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level of approximately US\$3.7 million and US\$3.6 million as at 31 December 2013 and 2014 respectively. The Group has no long term liabilities as at 31 December 2013 and 2014. Net assets of the Group as at 31 December 2014 decreased by approximately 17.3% to approximately US\$48.7 million (2013: approximately US\$58.9 million).

*For the six months ended 30 June 2015*

Revenue of the Group was approximately US\$187,000, representing an increase of approximately 43.8% from approximately US\$130,000 of the corresponding period in 2014. The increase was mainly attributable to the increase in revenue from investment in listed and unlisted securities.

A marginal profit attributable to shareholders of the Company of approximately US\$0.1 million (2014: approximately US\$12.7 million), which was mainly attributable to: (i) the gain on disposal of Binary of approximately US\$8.9 million, while being offset somewhat by: (ii) the marked-to-market losses of approximately US\$1.5 million in respect of the Company's equity portfolio of financial assets at fair value through profit or loss; and (iii) the loss on the deemed disposal of Plethora of approximately US\$3.6 million, both of which are non-cash items.

The non-current assets of the Group as at 30 June 2015 recorded a decrease of approximately 7.5% to approximately US\$30.0 million (as at 31 December 2014: US\$32.4 million). Such decrease was mainly attributable to the decrease in the Group's interest in its associates after the disposal of Binary but offset by the increase in other intangible assets and available-for-sale financial assets. The current assets of the Group as at 30 June 2015 was approximately US\$22.4 million (as at 31 December 2014: approximately US\$19.9 million), representing an increase of 12.8%. The increase was mainly attributable to the increase in the Group's cash and bank balances after the disposal of Binary. The current liabilities of the Group as at 30 June 2015 decreased slightly to approximately US\$3.2 million (as at 31 December 2014: approximately US\$3.6 million) and the Group continued to record no long term liabilities as at 30 June 2015. Net assets of the Group as at 30 June 2015 increased by approximately 1.0% to approximately US\$49.2 million (as at 31 December 2014: approximately US\$48.7 million).

For more details, please refer to the Company 2014 Annual Report and the Company 2015 Interim Report as posted on the Stock Exchange website (<http://www.hkexnews.hk>).

## **2. Background information of Plethora**

### **2.1 *Principal business activities and future development of Plethora***

Plethora is a UK-based specialty pharmaceutical company founded in 2004 and dedicated to the development and marketing of products for the treatment and management of urological disorders. Plethora's shares have been quoted on AIM since March 2005.

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Plethora’s principal product is PSD502™, which is a prescription treatment for PE that obtained marketing authorisation from the EMA, as formally granted by the European Commission, in November 2013. It is the sole strategic objective of Plethora to develop and commercialise PSD502™.

In September 2014, Plethora entered into its first commercialisation agreement with the pharmaceutical group Recordati. The agreement covers the commercialisation of PSD502™ in Europe, Russia and the Commonwealth of Independent States, Turkey and certain countries in North Africa. Please refer to the paragraph headed “Principal Business Activities of Plethora” in the “Letter from the Board” of the Circular for details of the terms of the agreement.

Plethora’s management believes that the commercial launch of the reduced filled can PSD502™ is expected to take place in the European Union (“EU”) during the latter half of 2016, to coincide with the availability of the first commercial good manufacturing practice (“GMP”) production batches and Recordati’s pre-launch marketing processes. Plethora’s management is focused on further commercialising PSD502™ with other strategic marketing partners and obtaining a New Drug Application (“NDA”) approval for PSD502™ with the US Food and Drug Administration (“FDA”) for the US market.

### 2.2 *Historical financial information of Plethora*

Reference is made to the accountants’ report of the Plethora Group set out in Appendix V to the Circular (the “**Accountants’ Report**”) which includes the audited financial results of the Plethora Group for the three years ended 31 December 2014 and the nine months ended 30 September 2015. The financial information of the Plethora Group have been prepared in accordance with Hong Kong Financial Reporting Standards (“HKFRS”) issued by the Hong Kong Institute of Certified Public Accountants.

Set out below is a summary of the financial information of the Plethora Group for the three years ended 31 December 2012, 2013 and 2014 and for the nine months ended 30 September 2014 and 2015 as extracted from the accountants’ report of the Plethora Group set out in Appendix V to the Circular.

	<b>For the year ended</b>			<b>For the nine</b>	
	<b>31 December</b>			<b>months ended</b>	
	<b>2012</b>	<b>2013</b>	<b>2014</b>	<b>2014</b>	<b>2015</b>
	<i>£’000</i>	<i>£’000</i>	<i>£’000</i>	<i>£’000</i>	<i>£’000</i>
	<i>(restated)</i>	<i>(audited)</i>	<i>(audited)</i>	<i>(unaudited)</i>	<i>(audited)</i>
Revenue	—	—	3,862	3,862	—
Operating loss	(1,519)	(2,898)	(16,206)	(14,698)	(4,108)
Loss for the year/period and total comprehensive income attributable to the owners of Plethora	(3,872)	(8,500)	(15,691)	(14,574)	(1,104)



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**LETTER FROM THE INDEPENDENT FINANCIAL ADVISER**

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	As at 31 December			As at 30 September
	2012 £'000 <i>(restated)</i>	2013 £'000 <i>(audited)</i>	2014 £'000 <i>(audited)</i>	2015 £'000 <i>(audited)</i>
Non-current assets	1	—	76	65
Current assets	231	3,613	5,607	1,988
Total liabilities	(5,979)	(10,425)	(8,540)	(2,167)
Net liabilities	(5,747)	(6,812)	(2,857)	(114)

*Source: Accountants' report of the Plethora Group set out in Appendix V to the Circular.*

*For the year ended 31 December 2013\**

Plethora did not generate any revenue for the two years ended 31 December 2013 as its primary product: PSD502™ was still under research and development.

The operating loss increased from approximately £1.5 million (equivalent to approximately US\$2.3 million) for the year ended 31 December 2012 to approximately £2.9 million (equivalent to approximately US\$4.5 million) for the year ended 31 December 2013 was due to the increase in research and development expenses as well as general and administrative expenses. Consequently, the loss for the year ended 31 December 2013 and total comprehensive income attributable to the owners of the shareholders of Plethora increased to approximately £8.5 million (equivalent to approximately US\$13.1 million) as compared to approximately £3.9 million (equivalent to approximately US\$6.0 million) of the previous year.

The non-current assets of Plethora as at 31 December 2013 was nil (2012: approximately £1,000 or equivalent to approximately US\$1,540). The current assets of Plethora as at 31 December 2013 was approximately £3.6 million (equivalent to approximately US\$5.6 million), representing approximately 18 times of the amount of approximately £0.2 million (equivalent to approximately US\$0.4 million) recorded in 2012 due to the increase in cash and bank balances, which was a result of the proceeds from the issuance of new shares. Total liabilities of Plethora as at 31 December 2013 increased approximately 74.3% to approximately £10.4 million (equivalent to approximately US\$16.1 million) (as at 31 December 2012: £6.0 million (equivalent to approximately US\$9.2 million)). As at 31 December 2013, Plethora recorded net liabilities of approximately £6.8 million (equivalent to approximately US\$10.5 million) (as at 31 December 2012: approximately £5.7 million (equivalent to approximately US\$8.9 million)).

\* For the purpose of this paragraph/section, unless otherwise specified herein, (i) amounts denominated in GBP have been translated, for the purpose of illustration only, into USD using the exchange rate of £1.00 = US\$1.5403 as at 3 November 2015; (ii) amounts denominated in GBP have been translated, for the purpose of illustration only, into HKD using the exchange rate of £1.00 = HK\$11.9378 as at 3 November 2015; and (iii) amounts denominated in USD have been translated, for the purpose of illustration only, into HKD using the exchange rate of US\$1.00 = HK\$7.7503 as at 3 November 2015.

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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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*For the year ended 31 December 2014\**

Revenue of Plethora for the year ended 31 December 2014 was approximately £3.9 million (equivalent to approximately US\$5.9 million), which was generated from a signing on payment from Recordati, its first commercialisation partner. Plethora did not generate any revenue for the year ended 31 December 2013 due to its primary product: PSD502™ was still under research and development.

The operating loss increased significantly from approximately £2.9 million (equivalent to approximately US\$4.5 million) for the year ended 31 December 2013 to approximately £16.2 million (equivalent to approximately US\$25.0 million) for the year ended 31 December 2014. The increase in operating loss was mainly attributable to the settlement of residual royalty obligations of PSD502™ (for details, see note 7 to the Accountants' Report of the Plethora Group set out in Appendix V to the Circular). Loss for the year ended 31 December 2014 and total comprehensive income attributable to the owners of the shareholders of Plethora for the year ended 31 December 2014 has increased approximately 84.6% to approximately £15.7 million (equivalent to approximately US\$24.2 million) (2013: approximately £8.5 million or equivalent to approximately US\$13.1 million).

The non-current assets of Plethora as at 31 December 2014 increased to approximately £76,000 (equivalent to approximately US\$117,063) from nil as at 31 December 2013. The current assets of Plethora as at 31 December 2014 was approximately £5.6 million (equivalent to approximately US\$8.6 million), representing an increase of approximately 55.2% from approximately £3.6 million (equivalent to approximately US\$5.6 million) recorded in the previous year due to the increase in cash and bank balances, which was due to the receipt of a signing on payment of EUR 5 million from Recordati, its first commercialisation partner. Total liabilities of Plethora as at 31 December 2014 decreased by approximately 18.1% to approximately £8.5 million (equivalent to approximately US\$13.1 million) (as at 31 December 2013: £10.4 million (equivalent to approximately US\$16.1 million)). As at 31 December 2014, Plethora recorded net liabilities of approximately £2.9 million (equivalent to approximately US\$4.4 million) (as at 31 December 2013: £6.8 million (equivalent to approximately US\$10.5 million)).

*For the nine months ended 30 September 2015\**

Plethora did not generate any revenue for the nine months ended 30 September 2015 (nine months ended 30 September 2014: £3.9 million, equivalent to approximately US\$5.9 million). The operating loss of the Plethora Group was approximately £4.1 million (equivalent to approximately US\$6.3 million) for the nine months ended 30 September 2015, representing an improvement of approximately £10.6 million (equivalent to approximately US\$16.3 million)

\* For the purpose of this paragraph/section, unless otherwise specified herein, (i) amounts denominated in GBP have been translated, for the purpose of illustration only, into USD using the exchange rate of £1.00 = US\$1.5403 as at 3 November 2015; (ii) amounts denominated in GBP have been translated, for the purpose of illustration only, into HKD using the exchange rate of £1.00 = HK\$11.9378 as at 3 November 2015; and (iii) amounts denominated in USD have been translated, for the purpose of illustration only, into HKD using the exchange rate of US\$1.00 = HK\$7.7503 as at 3 November 2015.

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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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from approximately £14.7 million (equivalent to approximately US\$22.6 million) recorded for the nine months ended 30 September 2014. During the nine months ended 30 September 2014 and 2015, the Plethora Group recorded a loss for the period and total comprehensive income of approximately £14.6 million (equivalent to approximately US\$22.4 million) and £1.1 million (equivalent to approximately US\$1.7 million) respectively.

The non-current assets of Plethora as at 30 September 2015 was approximately £65,000 (equivalent to approximately US\$100,120) (as at 31 December 2014: approximately £76,000 (equivalent to approximately US\$117,063)). The current assets value of Plethora as at 30 September 2015 was approximately £2.0 million (equivalent to approximately US\$3.1 million), representing a decrease of approximately 64.5% from approximately £5.6 million (equivalent to approximately US\$8.6 million) recorded as at 31 December 2014. The total liabilities of Plethora as at 30 September 2015 decreased by approximately 74.6% to approximately £2.2 million (equivalent to approximately US\$3.3 million) from approximately £8.5 million (equivalent to approximately US\$13.1 million) as at 31 December 2014 when some of the loans were repaid. As at 30 September 2015, Plethora recorded net liabilities of approximately £114,000 (equivalent to approximately US\$175,592) (as at 31 December 2014: approximately £2.9 million, equivalent to approximately US\$4.4 million).

BDO Limited, the independent reporting accountants of the Plethora Group, has stated in the Accountants' Report that in their opinion, for the purpose of the Accountants' Report, the Financial Information (as defined in the Accountants' Report) gives a true and fair view of the state of affairs of the Plethora Group as at 31 December 2012, 2013 and 2014 and 30 September 2015 and of the results and cash flows of the Plethora Group for the aforesaid periods in accordance with HKFRS. In addition, it has also emphasized the matter relating to the Plethora Group's ability to continue as a going concern. It was stated in the Accountants' Report that the Plethora Group and Plethora had recorded net current liabilities and total shareholders' deficit as at 30 September 2015 as well as a loss for the nine months ended 30 September 2015. These conditions, along with the other matters explained in Plethora Group's financial statements, indicated the existence of a material uncertainty, which may cast significant doubt about the Plethora Group's and Plethora's ability to continue as a going concern.

As described in the section headed "Management's discussion and analysis of the Plethora Group" in Appendix VIII to the Circular, as at 30 September 2015, the Plethora Group was on track in relation to all its key performance measures as it moves along the path with its manufacturing partners to producing a commercially viable reduced fill product, filing its NDA with the FDA and bringing PSD502™ to market through its strategic commercial partners. The Plethora Group would continue to work with its manufacturing partners to complete feasibility and development work on the redesigned reduced fill product. As described in the paragraph headed "Principal business activities of Plethora" in the "Letter from the Board" of the Circular, production of the three GMP batches of the reduced fill product was completed in December 2015 and these batches have now been placed on stability with Catalent with the aim of obtaining a variation from the European Medicines Agency for the reduced fill product 30 June 2016. This would release a further EUR 6 million payment from Recordati and enable the commercial launch of the product by Recordati in the EU during the latter half of 2016. Negotiations with new potential licensing partners covering other geographies outside

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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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of those included in the agreement with Recordati are now at advanced stages. The completion of these negotiations is dependent on the production of the three GMP batches of the reduced fill product by Plethora's manufacturing partners and those GMP batches remaining within specification after stability testing.

The directors of Plethora has prepared the Financial Information (as defined in the Accountants' Report) based on the assumption that the Plethora Group and Plethora can continue as a going concern. They are of the view that the Plethora Group and Plethora will have sufficient working capital and financial resources to meet their financial obligations as and when they fall due for the next twelve months from the end of the reporting period, after taking into consideration the factors set out in the paragraph headed "3. (a) Basis of preparation" in the Accountants' Report. Consequently, the directors of Plethora are of the opinion that it is appropriate to prepare the Financial Information on a going concern basis and are satisfied that the Plethora Group and Plethora will have sufficient working capital and financial resources to finance its operations for the next twelve months from the end of the reporting period.

As announced by the Company on 23 December 2015, it has entered into the Loan Agreement with Plethora pursuant to which the Company will provide an interest bearing unsecured loan to Plethora in an aggregate amount of approximately £1 million (equivalent to approximately US\$1.48 million or HK\$11.54 million) to provide short term funding for Plethora's general working capital requirements and, in particular, supporting Plethora's strategy of bringing PSD502™ to full commercialisation under its current operating plans. The Loan will mature on 25 April 2016.

Further details of Plethora's assets, operations and share capital can be found on the Plethora website [www.plethorasolutions.co.uk](http://www.plethorasolutions.co.uk) and the accountants' report of the Plethora Group set out in Appendix V to the Circular.

### 3. Background to and reasons for the Transaction

As stated in the 2015 Interim Report, the Group will continue to closely monitor the markets and manage its investments as it does in the ordinary discharge of its business as well as drive growth by focusing on the enhancement of its core businesses and by continuing to pursue accretive acquisition and investment opportunities.

Also stated in the "Letter from the Board" of the Circular, the Company's strategic objective is to pursue strategic and value-led investments in the healthcare and life sciences sectors. As part of its extensive review of possible investment opportunities in the healthcare and life sciences sectors, it has narrowed its immediate focus to Plethora.

#### 3.1 Continuation of the Group's investment strategy

The Company first invested in Plethora in October 2011 when it acquired 4,000,000 Plethora Shares at 2.5 pence per Plethora Share. In line with its investment strategy as mentioned above, between April 2013 and September 2014, the Company further acquired an aggregate of 82,799,490 Plethora Shares and appointed Jamie Gibson as the Chief Executive Officer of Plethora in January 2014.

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Further, in June 2015, the Company acquired Sharwood Limited's rights and obligations by way of the assignment and novation of a promissory note that Sharwood Limited previously held with the Plethora Group, for a total cash consideration of approximately £2.4 million (equivalent to approximately US\$3.6 million<sup>\*</sup>). Under that promissory note, the Company is now entitled to receive certain success-based royalties from Plethora or, in the alternative, a change of control payment, of up to a maximum and aggregate capped amount of approximately £4.6 million (equivalent to approximately US\$7.0 million<sup>\*</sup>). The arrangements set out in the promissory note are set to expire on the earlier of 15 September 2024 or when the capped amount of approximately £4.6 million (equivalent to approximately US\$7.0 million<sup>\*</sup>) has been paid to the Company in full. Following completion of the Transaction and upon Plethora becoming a wholly-owned subsidiary of the Company, this agreement will be an intra-group arrangement.

As at the Latest Practicable Date, the Company holds 86,799,490 Plethora Shares representing approximately 10.54 per cent. of the existing issued share capital of Plethora. In line with stage 3 of the Company's investment strategy as mentioned in the paragraph headed "1.2 Investment strategy of the Group" above, the Company is looking to consolidate its stake to establish further synergy between Plethora and the Company and secure the future global marketing development of PSD502<sup>™</sup>.

Taking into account the approach that the Company adopted in previous investments, we are of the view that the Transaction is in line with the investment strategy of the Company and is in the interests of the Company and the Shareholders as a whole.

### 3.2 Consolidation of a stake in Plethora by the Group

The Transaction will give the Company an increased investment in Plethora's principal product PSD502<sup>™</sup> which represents an attractive investment ahead of its full commercialisation.

#### 3.2.1 Alignment of management among the Group and Plethora

The Management believes that the consolidation of the Group's stake in Plethora will align the management interest of Plethora and the Group and resulting in a common strategic objective. In particular, the Group will receive the full and undivided benefit of any contribution by the members of senior management of Plethora and Jamie Gibson who now acts as Chief Executive Officer for both Plethora as well as the Company.

As described in the "Letter from the Board" of the Circular, it is noted that since January 2014, Jamie Gibson, an Executive Director and Chief Executive Officer of the Company, took over as Executive Director and Chief Executive Officer of Plethora and has been instrumental in pushing forward the commercialisation of its lead prescription treatment for premature ejaculation, PSD502<sup>™</sup>, including the completion of the commercialisation agreement with Recordati covering Europe, Russia and the Commonwealth of Independent States, Turkey and certain countries in North Africa.

<sup>\*</sup> For the purpose of this paragraph/section, unless otherwise specified herein, (i) amounts denominated in GBP have been translated, for the purpose of illustration only, into USD using the exchange rate of £1.00 = US\$1.5403 as at 3 November 2015; (ii) amounts denominated in GBP have been translated, for the purpose of illustration only, into HKD using the exchange rate of £1.00 = HK\$11.9378 as at 3 November 2015; and (iii) amounts denominated in USD have been translated, for the purpose of illustration only, into HKD using the exchange rate of US\$1.00 = HK\$7.7503 as at 3 November 2015.

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Also described in the “Letter from the Board” of the Circular, a single aligned management team, with deep knowledge of the industry and product, will be created as a result of the Transaction. Led by Jamie Gibson (currently Chief Executive Officer of both the Company and Plethora), it is expected that the Enlarged Group will combine Plethora’s scientific expertise, under Michael G Wyllie’s leadership, with the Company’s corporate, management and commercial skills.

The Transaction will allow the management team to focus on the successful commercialisation of PSD502™ as quickly as possible, in particular in the remaining key markets of the US, Latin America and Asia Pacific regions. The Company believes that Asia Pacific is likely to become a key component to the eventual marketing and distribution strategy for PSD502™ and the Company’s Hong Kong office will provide the necessary corporate, management and commercial skills to Plethora from which to manage the controlled launch of the product following receipt of relevant regulatory approvals. PSD502™ is likely to be introduced in Europe initially, as it already has secured EMA approval.

### *3.2.2 Appropriate timing*

With the first commercialization agreement with Recordati in place and EU approval granted, the commercial launch of the product PSD502™ in the EU is estimated to take place in the latter half of 2016. However, the product has still to be further commercialised outside of the EU. We understand from our discussion with the Management that in evaluating the Transaction, they consider that the Transaction is now at an opportune juncture in the development of PSD502™. The timing of the Transaction will balance the rewards as well as the acceptable risks to the Company. Further, Plethora is in advanced negotiations with future marketing and production partners in Latin America, Asia Pacific, South America and the Middle East. If the Transaction is to take place on or after the introduction of PSD502™ to other markets, Plethora’s value would most likely be prohibitively high.

### *3.2.3 Combined resources*

As a strategic divestment of the remaining non-healthcare and life sciences assets, the Company disposed of a majority of its interests in Binary Holdings Ltd earlier in 2015. As at 31 December 2015, the Company had net cash and unpledged listed equity securities balance of approximately US\$10.0 million. The Board believes that this cash will assist Plethora, through Plethora Solutions Limited, with the commercialisation of PSD502™ in the medium term and will reduce the uncertainty for Plethora as to the availability of capital in this period. In addition, the relatively high liquidity of trading of Shares on the Exchange as compared to those of Plethora on the AIM would allow for a better, more effective platform on which to raise future funds if so required.

### *3.2.4 Better manage the economic rights and entitlements flowing from the sales of PSD502™ and without changing the Company’s business*

As described in the “Letter from the Board” of the Circular, the Company strongly supports Plethora’s development strategy for PSD502™. Following completion of the Transaction, the Enlarged Group’s focus will continue to be on bringing PSD502™ to market through strategic commercial

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partners, not by itself, and therefore it is intended that the Enlarged Group will continue to outsource sales, marketing and distribution functions to selected partners to maximise the commercial potential of the product. This is a differentiating factor from traditional start-up companies in the pharmaceutical sector.

Consequently, following completion of the Transaction, rather than operate a pharmaceutical company, the Company, through its subsidiary Plethora, will simply be managing economic rights and entitlements flowing from the sales of PSD502™ by strategic commercial partners (through licensing agreements). The Company and Plethora will not be manufacturing or marketing PSD502™, as these operational aspects have been and will continue to be completely outsourced to selected partners, and will instead be managing its investment by way of managing the flow of licensing and royalty payments that flow from sales. For these reasons, the Transaction would not result in any fundamental change in the Company's business and the existing business, being that of an investment company having its core focus on the health care and life sciences sectors, would continue unimpeded. Controlling Plethora will help the Company to better manage these rights and entitlements and is a sensible step to better protect, and create value from, its already significant investment in Plethora, entirely consistent with its strategic objective to pursue strategic and value-led investments in the healthcare and life sciences sectors, as communicated by the Management in the past few years.

### *3.2.5 Efficient use of Plethora's tax losses*

Over the years, Plethora has recorded significant tax losses and Plethora's management believes, based on UK tax advice received, that it will also have the benefit of patent box tax relief. As mentioned in the section headed "Background to and reasons for the Transaction" of the "Letter from the Board" of the Circular, it is mentioned that, following completion of the Transaction, the Company intends on maximizing the utilisation of historic tax losses in Plethora Solutions Limited arising from its development activity and UK patent box tax relief.

Considering the current stage of development of PSD502™, we concur with Management that it is now a good opportunity to effect the Transaction with a view that further marketing development of PSD502™ will generate considerable revenue for Plethora and hence the Group after completion of the Transaction. The consolidation of stake will allow the management and financial resources of the Group to be consolidated at the Company level which will include the efficient use of Plethora's tax losses. Such strategic move will be done at an opportune juncture in the development of PSD502™ so as to gain optimal result from its earlier investments in the Plethora Shares by better managing the economic rights and entitlements flowing from the sales of PSD502™ without changing the Company's principal business. Having considered the possible economic potential of PSD502™ and the Company's modus operandi as stated above we believe the consolidation of its stake in Plethora will add to further development of the Company's strategic assets in the healthcare and life sciences sectors. The consolidation of its stake will give the Company effective control over the commercialisation of PSD502™ and will add relevant skills and assets to the Company for future projects in the industry.

In view of the above, we are of the view that the Transaction is fair and reasonable and in the interests of the Company and the Shareholders as a whole.

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### 4. Principal terms of the Transaction

To assess its fairness and reasonableness, we have considered the following terms of the Transaction.

#### 4.1 *The Exchange Ratio and its basis of determination*

As described in the “Letter from the Board” of the Circular, the terms of the Transaction were negotiated with the Independent Plethora Director on an arm’s length basis.

Under the terms of the Transaction, each Plethora Shareholder (other than the Company) will receive for each Plethora Share, 15.7076 new Shares. Also described in the “Letter from the Board” of the Circular, the Exchange Ratio was determined on the basis of normal commercial terms and arm’s length negotiations between the parties with reference to the recent market value of Plethora Shares and the strategic benefits of the Transaction as set out in more detail in the section headed “Background to and reasons for the Transaction” in the “Letter from the Board” of the Circular.

The Directors have also engaged Grant Sherman Appraisal Limited (the “**Valuer**”), an independent valuer, to evaluate the fair market value of the business enterprise of Plethora (the “**Valuation**”) as at 30 September 2015. The Valuer has provided the Company with the Valuation as at 30 September 2015 based on the history and nature of the business, operations and prospects of Plethora, a review of its statutory documents, historical financial information and the financial projections (the “**Projections**”), their underlying assumptions (the “**Projection Assumptions**”) as well as other relevant documents provided by the management of the Company and Plethora respectively. The Valuation is approximately US\$194.9 million (equivalent to approximately £126.5 million\*). The Valuation, including details of the Projection Assumptions, basis and methodology of the Valuation as at 30 September 2015 (the “**Valuation Report**”), are set out in Appendix IX to the Circular.

On the basis of the closing price of a Share of HK\$0.095 on 3 November 2015 (being the last Business Day prior to the publication of the Possible Offer Announcement, which commenced the Offer Period), the Transaction represents an indicative value for each Plethora Share of 12.5 pence (or approximately US\$0.193\* or HK\$1.492\*), values the entire issued ordinary share capital of Plethora at approximately £102.9 million (or approximately US\$158.5 million\* or HK\$1,228.5 million\*) and values the fully diluted share capital of Plethora at approximately £122.6 million (or approximately US\$188.9 million\* or HK\$1,464.0 million\*). The Transaction at the indicative value of 12.5 pence (or approximately US\$0.193\* or HK\$1.492\*) per Plethora Share represents an indicative premium of approximately:

- (i) 354.5 per cent. to the closing price per Plethora Share on AIM of 2.75 pence (or approximately US\$0.042\* or HK\$0.328\*) on 3 November 2015 (being the last Business Day prior to the publication of the Possible Offer Announcement, which commenced the Offer Period);

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- (ii) 334.8 per cent. to the closing price per Plethora Share on AIM of 2.875 pence (or approximately US\$0.041\*\* or HK\$0.318\*\*) on 29 January 2016 (being the Latest Practicable Date); and
- (iii) 311.7 per cent. to the 30 day volume-weighted average price of Plethora Shares on AIM of 3.04 pence (or approximately US\$0.047\* or HK\$0.363\*) for the period from 4 October 2015 to 3 November 2015 (being the last Business Day prior to the publication of the Possible Offer Announcement, which commenced the Offer Period).

On the basis of the Closing Price of a Share of HK\$0.069 on 29 January 2016 (being the Latest Practicable Date), the Transaction represents an indicative value for each Plethora Share of 9.81 pence (or approximately US\$0.139\*\* or HK\$1.084\*\*), values the entire issued ordinary share capital of Plethora at approximately £80.8 million (or approximately US\$114.6 million\*\* or HK\$892.2 million\*\*) and values the fully diluted share capital of Plethora at approximately £97.5 million (or approximately US\$138.3 million\*\* or HK\$1,077.0 million\*\*). The Transaction at the indicative value of 9.81 pence (or approximately US\$0.139\*\* or HK\$1.084\*\*) per Plethora Share represents an indicative premium of approximately:

- (i) 256.8 per cent. to the Closing Price per Plethora Share on AIM of 2.75 pence (or approximately US\$0.042\* or HK\$0.328\*) on 3 November 2015 (being the last Business Day prior to the publication of the Possible Offer Announcement, which commenced the Offer Period);
- (ii) 241.3 per cent. to the Closing Price per Plethora Share on AIM of 2.875 pence (or approximately US\$0.041\*\* or HK\$0.318\*\*) on 29 January 2016 (being the Latest Practicable Date); and
- (iii) 222.8 per cent. to the 30 day volume-weighted average price of Plethora Shares on AIM of 3.04 pence (or approximately US\$0.047\* or HK\$0.363\*) for the period from 4 October 2015 to 3 November 2015 (being the last Business Day prior to publication of the Possible Offer Announcement, which commenced the Offer Period, and the HK VSA Announcement).

It is noted that the value of the consideration that the Company will settle (once the Scheme becomes Effective) will depend upon the market value of the Consideration Shares on the Effective Date, and this value may vary as the Consideration Shares are listed on the Exchange and are also traded on the Open Market (Freiverkehr) of the Frankfurt Stock Exchange.

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\*\* For the purpose of this paragraph, unless otherwise specified herein, (i) amounts denominated in GBP have been translated, for the purpose of illustration only, into USD using the exchange rate of £1.00 = US\$1.4182; (ii) amounts denominated in EUR have been translated, for the purpose of illustration only, into USD using the exchange rate of €1.00 = US\$1.0831; (iii) amounts denominated in AUD have been translated, for the purpose of illustration only, into USD using the exchange rate of A\$1.00 = US\$0.7070; and (iv) amounts denominated in USD have been translated, for the purpose of illustration only, into HKD using the exchange rate of US\$1.00 = HK\$7.7882.

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Based on the indicative value of 12.5 pence (or approximately US\$0.189 or HK\$1.466) per Plethora Share and 981,087,175 Plethora Shares in issue upon full exercise of the Plethora Convertible Instruments, the awards under the Plethora LTIP and the options under the Plethora Option Scheme, the fully diluted share capital of Plethora is valued at approximately US\$185.42 million (or approximately £122.6 million) which is slightly lower than the Valuation as further described below.

According to the Directors, the Consideration was negotiated on arm's length basis and with reference to (i) the historical market values of Plethora Shares; (ii) the last equity offer by Plethora which was priced at 9 pence (or approximately US\$0.136 or HK\$1.055) per Plethora Share on 29 August 2014 and, to that, applying a take-over or control premium of approximately 39 per cent., a premium considered to be fair and reasonable by reference to other public share-based take-over or change of control transactions that have been undertaken, including in the health care and life sciences sectors; and (iii) the strategic benefits of the Transaction as set out in more detail in section headed "Background to and reasons for the Transaction" in the "Letter from the Board" of the Circular. In determining the Exchange Ratio, the Company specifically considered the last equity offer by Plethora and its price as that represented the entry point for some of Plethora's Shareholders, including some of its more significant or substantial shareholders. Consequently, it was against this price that the Company considered it appropriate to apply an appropriate premium, one within the range of other public Merger and Acquisition deals in the healthcare sector (the medium of completed deals in this sector in London and New York since 1 January 2013 being approximately 41.07 per cent., sourced from FactSet, which is a large New York Stock Exchange listed data provider).

Taking into account (i) the basis of determining the Consideration as mentioned above; and (ii) the Valuation of Plethora which takes into consideration the future economic benefits (as further elaborated in the following section); we are of the view that the Consideration of the Transaction is reasonable.

We have discussed with the Directors and noted that the Exchange Ratio of 15.7076 was agreed with reference to (i) the indicative value of 12.5 pence per Plethora share (as agreed with the Independent Plethora Director); (ii) the closing price of a Share of HK\$0.095 on 3 November 2015 (being the last Business Day prior to the publication of the Possible Offer Announcement, which commenced the Offer Period); and (iii) the exchange rate of £1 equal to approximately HK\$11.9378 on the same date. On the basis that (i) the indicative value of 12.5 pence per Plethora share was the result of an arm's length negotiation with the Independent Plethora Director after taking into account the abovementioned historical references; (ii) the price of a Share was the market price on the last Business Day prior to the publication of the Possible Offer Announcement, which commenced the Offer Period; and (iii) the exchange rate of £1 to HK\$ was the market rate quoted on the same date, we are of the view that the Exchange Ratio has been fairly and reasonably arrived at.

Given that PSD502™ has yet to be commercialised, Plethora has been loss making and recorded audited net liabilities of approximately £114,000 (equivalent to approximately US\$175,592\*) as at 30 September 2015, and valuation multiples such as the price-to-earnings ratio and price-to-net-asset-value ratio are not applicable for assessing the Exchange Ratio. The Valuer

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considered that it is more appropriate to assess the Exchange Ratio by reference to the valuation using the income approach (i.e. discounted cash flow method), particularly as the essence of or motivation behind the Transaction focuses on the future economic benefits that can be generated by Plethora upon its commercialisation.

We also note in the Valuation Report that alternative valuation methodologies such as the market approach is considered to be inappropriate since sustainable income has not yet been generated from PSD502™ and therefore there is no positive profit related valuation parameters such as revenue, EBIT, net income, etc... being recorded. In addition, according to the Valuer's research, given the uniqueness of the product, there is also no publicly announced transaction related to companies specializing in such drugs worldwide. As such, there is no sufficient information to conclude an appraisal using the market approach.

The Valuer also considered that the cost approach often serves as a valuation floor to value a liquidated business but it is not the case for Plethora. Plethora is in its start-up stage, its enterprise value is principally attributable to its future economic benefits to be brought rather than the cost to reproduce or replace the current situation.

The key essence of the Transaction focuses on the future economic benefits that can be generated by Plethora upon its commercialisation. This, together with the reasons set out above, led to our view that it is more appropriate to assess the Exchange Ratio by reference to the valuation methodology using the income approach (i.e. discounted cash flow method). Adopting this approach, the Valuer appraised the entire equity interest in Plethora at approximately US\$194.9 million (equivalent to approximately £126.5 million\*) as at 30 September 2015. Please refer to the following section for our analysis on the Valuation Report.

Taking into account (i) the Valuation of Plethora which takes into consideration the future economic benefits (as further elaborated in the following section); (ii) the closing price of a Share of HK\$0.095 on 3 November 2015 (being the last Business Day prior to the publication of the Possible Offer Announcement, which commenced the Offer Period); and (iii) the background to and benefits of the Transaction, we note that the Exchange Ratio of 15.7076 new Shares for each Plethora Share in issue will give rise to an indicative value of Plethora at a slight discount to the Valuation, which we believe renders the Exchange Ratio fair and reasonable and in the interests of the Company and its Shareholders as a whole.

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### 4.2 *Valuation of Plethora*

The Valuation of Plethora of approximately US\$194.9 million (equivalent to approximately £126.5 million<sup>\*</sup>) as at 30 September 2015 was valued by the Valuer on the basis of Projections from 30 September 2015 to 19 November 2023. From interviews with the Valuer regarding its expertise, we have come to an understanding that the Valuer is an independent professional valuer with a number of completed assignments acting for listed companies on the Exchange, with an established track record in valuing business enterprises. We understand that the relevant members of the Valuer's team have more than an aggregate of 45 years of experience in the field of business valuations, corporate banking and equity analysis and were supported by a team of business valuers.

The Valuer has confirmed that it is an independent third party to the parties involved in the Transaction and their respective connected persons. Furthermore, we have reviewed the terms of the Valuer's engagement letter and note that the scope of work was appropriate for arriving at the opinion of a Valuation for Plethora. We are unaware of any limitations on the relevant scope of work. Furthermore, nothing has come to our attention that parties to the Transaction had made formal or informal representation to the Valuer that contravenes our understanding of the information, to a material extent, as set out in this letter. In the course of our review, we have discussed with the Valuer the methodologies, bases and assumptions adopted in the Valuation Report.

We understand from the Valuer that it has relied on certain information made available to it by the management of the Company and Plethora respectively, including but not limited to the Projections. Based on our respective discussions with the Valuer and the management of the Company and Plethora respectively, we note that such representations made by the Company and Plethora respectively to Valuer are consistent with the information contained in the Circular.

Taking into account our discussions with the Valuer, the documents we have obtained from the Valuer and our consideration of their work done, we confirmed that we had complied with the requirements under Rule 13.80(2)(b) Notes 1 (d) of the Exchange Rules.

#### 4.2.1 *Valuation methodologies*

The full text of the Valuation Report is set out in Appendix IX to the Circular to which the Independent Shareholders' attention is drawn to. According to the Valuation Report, when faced with the options of using the market approach, cost approach and income approach, the Valuer selected the income approach in determining its opinion of fair market value for Plethora. We concur with the Valuer that the cost approach is inappropriate for the valuation of Plethora, since the cost approach neglects the future economic benefits generated from Plethora's sole product being PSD502™. We also concur with the Valuer that the market approach is inappropriate for the Valuation as there has been no public information regarding the sale and purchase of businesses that are similar to Plethora. The income approach, which measures the income generating ability of Plethora by calculating the present

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value of future economic benefits, was considered by the Valuer to be the most suitable approach for the Valuation. Seeing that the Projections can be reasonably derived by the management of the Company and Plethora respectively (as elaborated in the following section) and future economic benefits generated by Plethora is the major driving force of fair market value of Plethora, we concur with the Valuer that the income approach is most appropriate for assessing the market value of entire equity interest of Plethora. Under the income approach, the discounted cash flow method was adopted to derive the fair market value of Plethora. In this method, the value depends on the present worth of future economic benefits to be derived from ownership of the invested capital of the business. Thus, indication of value is developed by discounting future free cash flows available for distribution to shareholders and for servicing shareholders' loans and long-term debt to their present worth at market-derived rates of return appropriate for the risks and hazards of the subject business. Further analysis is set out in the paragraph headed "Discount rate" below.

The estimates of the future economic benefits and risk-adjusted discount rates are critical bases that form the foundation of this method. During the planning stage of the valuation exercise, we understand from the Valuer that it has reviewed the projected business performance as provided by the management of the Company and Plethora respectively as well as the future earnings potential of Plethora. The Valuer then conducted discussions with the management of the Company and Plethora respectively to validate the future economic benefits (including terminal value) as estimated by the management of the Company. The future economic benefits are mainly represented by a year-by-year projection of Plethora's free cashflows for a period starting from 30 September 2015 to 19 November 2023. Thereafter, the Valuer assumed that Plethora's free cashflows will stop in its entirety.

To gain comfort around the Projections, the Valuer conducted a study of market conditions and an analysis of published information concerning the industry which are used to evaluate Plethora's past performance and to assess its ability and capacity to generate future investment returns.

### *4.2.2 Projections*

In preparing the Valuation, the Valuer derived the revenue based on the unit selling price of PSD502™ estimated by the management of the Company and Plethora respectively. In this regard, we have obtained and reviewed the calculation spreadsheet of the Projections prepared by the Valuer and discussed with the Valuer and the management of the Company and Plethora respectively on the key assumptions (including (i) the target markets; (ii) the product pricing; (iii) regulatory approvals; and (iv) licensing arrangements) adopted in the valuation.

#### *(i) Target markets*

We note that the target market has been determined by the management of Plethora based on medical studies on the distribution of PE within the global male population. This number was discounted with the estimated percentage of actual treatment seekers which was determined by reference to the penetration rates of other medicines in the same market niche such as Viagra and Cialis. The management of Plethora believes this percentage of actual treatment seekers will gradually increase over time as the stigma around PE will gradually decrease which also

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happened with the launch of Viagra for the treatment of erectile dysfunction where both price and penetration rates increased from its successful commercial launch. Derived from this number will be the estimated market penetration of PSD502™ determined based on available market information in relation to medicine and treatment in the same market niche.

(ii) *Product pricing*

Plethora engaged Medical Marketing Economics (“MME”), a global leader in the development of value-based strategies and market research for health care goods and services, to research and ascertain the product pricing of PSD502™. To determine a suitable market price for the US market, MME adopted a methodology customised for PSD502™ and which involved market comparable, including patient and payer research. Pricing for the EU market was derived from the aforementioned at a market conform percentage. For other markets, the product was priced according to market conformance.

We have discussed with MME for the purpose of (i) understanding the process of establishing a pricing strategy for the US market in general; and (ii) verifying Plethora’s pricing strategy in addition to the representations and/or information provided by the Directors; in order to enable us to consider the reasonableness of certain assumptions being used by the Directors/the Valuer in preparing the Valuation. MME did not provide any opinion which we relied on to form our view.

(iii) *Regulatory approvals*

We note that as part of the Projections, it was assumed that Plethora has obtained regulatory approvals for all the markets it targets.

Plethora has successfully obtained approval in the EU for the PSD502™ product and is in the process of obtaining additional approval for the reduced fill can.

For the FDA approvals in the US, Plethora has engaged Clementi Associates Ltd (“Clementi”), an independent professional consulting firm in the medical regulatory landscape, to audit the US regulatory requirements. We have discussed with Clementi for the purpose of (i) understanding the process of obtaining FDA approval for the US market in general; (ii) verifying Plethora’s progress in making an application to the FDA in addition to the representation and/or information provided by the Directors; and (iii) obtaining information about FDA’s general feedback to Plethora’s application, in order to enable us to consider the reasonableness of certain assumptions being used by the Directors/the Valuer in preparing the Valuation. Clementi did not provide any opinion which we relied on to form our view. According to our discussion with Clementi, we understand that Plethora is in the process of obtaining FDA approval for the US market. Plethora is in continuous communications with the FDA regarding the finalisation of the Investigational New Drug (“IND”) approval and the subsequent NDA requirements for the PSD502™ product. Plethora is expected to complete the IND process in January 2017. Subsequently, the NDA application is believed to be submitted before the second quarter of 2017 in which case Plethora would expect a decision from the FDA regarding the approval of PSD502™ within 10 months of the NDA submission. Clementi noted that the

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Directors/the Valuer believe the NDA application will have an 85 per cent. chance of being successful. Although the Directors are confident about the chance of success in obtaining FDA approval, there remains more than 24 months to the expected date of obtaining approval. Accordingly, the Directors are of the view that it is reasonable to apply a discount to the probability of success to reflect such time period. Based on Clementi's past experience and the latest communications with the FDA, it is reasonably believed that PSD502™ will be approved by the FDA within the aforementioned time frame.

We have discussed with European Drug Regulatory Affairs Consulting (“EUDRAC”), a specialised regulatory affairs consultancy company, regarding the regulatory approvals in global markets other than the EU and the US, for the purpose of understanding the regulatory approvals in global markets other than the EU and the US, in order to enable us to consider the reasonableness of certain assumptions being used by the Directors/the Valuer in preparing the Valuation. EUDRAC did not provide any opinion to us which we relied on to form our view. We understand from our discussion with EUDRAC, that the regulatory approvals in global markets other than the EU and the US are expected to be obtained by Plethora as most global markets follow the EU guidelines for the market approval of PSD502™.

As stated in the paragraph headed “8. Principal business activities of Plethora” of the “Letter from the Board” of the Circular, (i) Plethora has obtained the marketing approval from the EMA in November 2013 for the countries within the EU; (ii) Plethora is in the process of submitting an NDA with the FDA; and (iii) all other regulatory approvals for territories outside the US, EU, Europe (non-EU countries), Russia, Commonwealth of Independent States, Turkey and certain North African countries, will be applied for by Plethora's licensing partners for these territories when licensing agreements have been entered into. If a marketing approval is not obtained in any of these countries, the Company still intends for Recordati, Plethora's licensing partner for the EU, Russia, Commonwealth of Independent States, Turkey and certain North African countries, to launch PSD502™ in those jurisdictions in which Plethora then has appropriate regulatory approval, currently the EU.

We note that the valuation report set out in Appendix IX of the Circular mentions five major regions to be targeted for commercialisation, being: (i) the EU; (ii) the US; (iii) South America; (iv) the Middle East and North Africa; and (v) Canada, Australia & New Zealand. While the regulatory approvals have not yet been applied for in three of these regions as it is the standard practice that the licensee will apply and pay for the regulatory marketing authorisations in these regions using Plethora's marketing authorisation obtained from EMA in November 2013, the Company understands from Plethora's external consultants that there is a strong probability of the licensee obtaining them, after working through the relevant regulatory approval process for each such jurisdiction, particularly as the current and existing EU approval is seen as being a major benefit when seeking similar approvals in these regions. On this basis, we note that the Valuer considered it appropriate, following due and careful enquiry of the external consultants involved, to consider these regions in the Valuation Report. As we understand from our discussion with EUDRAC, that the regulatory approvals in global markets other than the EU and the US are expected to be obtained by Plethora as most global markets follow the EU guidelines for the market approval of PSD502™, we believe it is reasonable for the Valuer to include in the Valuation these regions.

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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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Taking into account (i) our fact finding processes with MME, Clementi and EUDRAC as described above; and (ii) Plethora's progress in making application to the FDA; the Directors believe and we concur that the licensing partner(s) of Plethora will be able to obtain regulatory approvals for the markets it targets.

(iv) *Licensing arrangements*

Another key assumption for the Valuation is that Plethora has in place licensing and distribution arrangements with third parties for the commercialization of PSD502™.

As mentioned above, Plethora has entered into its first commercialisation agreement with Recordati which covers the commercialisation of PSD502™ in Europe, Russia and the Commonwealth of Independent States, Turkey and certain countries in North Africa. Through our discussion with the management of the Company, we understand that Plethora is in advanced negotiations with future marketing and production partners in Latin America, Asia Pacific, South America and the Middle East and expect to sign similar distribution and marketing agreements with suitable partners for these regions within the coming years.

Taking into account (i) our fact finding processes with MME, Clementi and EUDRAC as described above; (ii) Plethora's progress in making application to the FDA; (iii) the fact that Plethora has entered into its first commercialisation agreement with Recordati which covers the commercialisation of PSD502™ in Europe, Russia and the Commonwealth of Independent States, Turkey and certain countries in North Africa; and (iv) that Plethora is in advanced negotiations with future marketing and production partners in Latin America, Asia Pacific, South America and the Middle East, the Directors believe and we concur that Plethora will be able to sign similar distribution and marketing agreements with suitable partners for Latin America, Asia Pacific, South America and the Middle East in the future.

Having discussed and reviewed with the Valuer, MME, Clementi, EUDRAC and the management of the Company and Plethora respectively the reasons for adopting the valuation methodology, the bases and assumptions used in the Valuation Report, we are of the opinion that the chosen valuation methodology in establishing the Valuation is in line with the market practice for valuation of business of this kind.

#### 4.2.3 *Discount rate*

When applying the discounted cash flow method to estimate the present value of Projections, it is necessary to determine an appropriate discount rate for Plethora. We note that in the Valuation, the discount rate applied to the cash flow streams attributable to the shareholders of Plethora is the cost of equity which is developed through the application of the Capital Asset Pricing Model with reference to the required rates of return demanded by investors for similar projects. A major requirement in generating the cost of equity is to identify companies that are comparable to Plethora in terms of business nature and associated risks. In deriving the cost of equity for Plethora, the Valuer has taken into account various factors including (i) risk-free rate return; (ii) equity risk premium; (iii) small capitalisation risk premium; (iv) company specific risk premium; (v) debt to invested capital ratio; (vi) cost of debt; and (vii) corporate tax rate.



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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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We have discussed with the Valuer regarding the aforementioned factors and reviewed valuation(s) of other companies within the field of pharmaceutical. We noted that it is a market practice for valuer to take into account the risk-free rate return, the equity risk premium, the small capitalisation risk premium as well as the company specific risk premium risk-free rate adopted in the Valuation are in line with market. In determining the risk-free return, we noted that the Valuer has adopted the 10-year long-term government bond rate in the United Kingdom as at the appraisal date. Given that Plethora is a UK incorporated company, we believe that it is fair and reasonable to adopt the 10-year long-term government bond rate in the United Kingdom.

For the equity risk premium, reference was made to the average equity risk premium of each comparable company.

Various companies were selected as comparable companies as part of the Valuation. Having discussed with the Valuer regarding the selection criteria of comparable companies, we understand they were selected based on the following: (i) within the field of pharmaceutical; (ii) with products for sexual health in its product portfolio; and (iii) with similar level of competition in the identification of comparable companies for Plethora. We are of the view that the selection criteria of comparable companies are comparable to Plethora and that the list of comparable companies is fair and reasonable.

In view of the above, we consider the calculation of the discount rate is fair and reasonable.

Based on the above and our due diligence including but not limited to, reviewing the background information of Plethora, reviewing the HK VSA Announcement in respect of the Transaction, and having discussed with the management of the Company and Plethora respectively and the Valuer regarding, among other things, (i) the valuation approach and methodology adopted in the Valuation; (ii) the Projection; and (iii) the Projection Assumptions adopted in the Valuation as well as the calculation of the discount rate as discussed above, nothing material has come to our attention that would lead us to believe that the Valuation performed by the Valuer was not prepared on a reasonable basis or did not reflect estimates and assumptions which have been arrived at after due and careful consideration.

In assessing the accuracy and completeness of the information relied upon by the Valuer, we held discussions with the Company, MME, Clementi and EUDRAC in order to ascertain the reliability and reasonableness of all information and representations made to the Valuer. Therefore, we are of the view that the basis, assumptions and methodology adopted by the Valuer for the Valuation is appropriate. However, we understand that such assumptions and factors, which by their nature, are subjective and uncertain and may materially differ from the actual circumstance. In particular, the Independent Shareholders are reminded that any delay or non-approval from the FDA for the US market will have an adverse impact on the Valuation, particularly as regards the intended launch date of the commercialisation of PSD502™ in the US.

As nothing material has come to our attention that such assumptions and factors have changed as at the Latest Practicable Date, we are of the opinion that the Valuation is a fair and reasonable reference for determining the value of Plethora.

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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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### 4.3 *Payment method of the consideration*

As discussed above, the Transaction will be effected on a share-for-share basis and each Plethora Shareholder (other than the Company) will receive 15.7076 new Shares for each Plethora Share. The aggregate number of Consideration Shares to be issued by the Company to Plethora Shareholders will be approximately 11,568,619,063 new Shares (assuming no further Plethora Shares are issued prior to the Effective Date), representing approximately 65.98 per cent. of the issued share capital of the Enlarged Group (assuming on a fully diluted basis) .

We note from the 2015 Interim Report that as at 30 June 2015, the Company has total cash and bank balances of approximately US\$7.6 million. Due to the size of the Transaction, such cash reserves will not be sufficient to finance the Transaction in cash. In addition, in light of the requirements under the UK Takeover Code which require the Company to announce a firm intention to make an offer to the Plethora Shareholders within a specific period of time, we were informed by the Management that the Company did not have sufficient time to consider and carry out fund raising exercise to raise sufficient funds for the payment of the consideration for the Transaction.

#### 4.3.1 *Effect of dilution on Independent Shareholders*

Under the terms of the Transaction, the Company will issue approximately 11,568,619,063 new Shares as Consideration Shares to Plethora Shareholders (assuming no further Plethora Shares are issued prior to the Effective Date), representing approximately 65.98 per cent. of the issued share capital of the Enlarged Group (assuming on a fully diluted basis).

The total number of Consideration Shares to be issued pursuant to the Scheme, and not just approximately 11,568,619,063 Consideration Shares to be issued to Plethora Shareholders (assuming no further Plethora Shares are issued prior to the Effective Date) referenced above and elsewhere in this letter, being 14,047,113,239, is based on (i) 823,297,686 Plethora Shares in issue as at close of business on the Latest Practicable Date, (ii) all awards under the Plethora LTIP and all interests under the Plethora Convertible Instruments (save in respect of the Fundraising Warrants, which, as at the Latest Practicable Date, were 'out-of-the-money') being exercised in full and the resulting Plethora Shares being exchanged for Consideration Shares under the Transaction, (iii) no options under the Plethora Option Scheme being exercised (which, as at the Latest Practicable Date, are 'out-of-the-money'), and (iv) there being no other issues of Plethora Shares or Shares (including under the Share Option Scheme (2002)) between the Latest Practicable Date and the Effective Date.

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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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As a result of the issue of the Consideration Shares, the shareholding of the existing Shareholders in the Company will be diluted proportionately (except for Shareholders who hold Plethora Shares). Set out below is the shareholding structure of the Company as at the Latest Practicable Date and upon completion of the Transaction.

<b>Shareholders</b>	<b>As at the Latest Practicable Date</b>		<b>Upon completion of the Transaction</b>	
	<i>No. of Shares</i>	<i>Approximate percentage (%)</i>	<i>No. of Shares</i>	<i>Approximate percentage (%)</i>
<i>Declared Concert Party Group</i>				
James Mellon and associates	535,107,315	15.3514	4,108,228,212	23.4316
Jayne Sutcliffe and associate	45,125,691	1.2946	45,125,691	0.2574
Anderson Whamond and associate	14,000,000	0.4016	14,000,000	0.0799
<i>Other Directors</i>				
Stephen Dattels and associate	284,266,097	8.1551	284,266,097	1.6213
Jamie Gibson	142,319,138	4.0829	692,085,138	3.9474
David Comba	0	0	0	0
Julie Oates and associate	2,500,000	0.0717	2,500,000	0.0143
Mark Searle and associates	5,000,000	0.1435	31,702,920	0.1808
Anthony Baillieu ***	200,000	0.0057	200,000	0.0011
Greg Bailey***	0	0	24,434,743	0.1393
Existing Public Shareholders	2,457,212,282	70.4935	2,457,212,282	14.0149
Plethora Shareholders (other than the Company)	0	0	9,873,088,679	56.3120
<b>Total</b>	<b>3,485,730,523</b>	<b>100.0000</b>	<b>17,532,843,762</b>	<b>100.0000</b>

\*\*\* Anthony Baillieu and Greg Bailey are non-executive directors of Plethora

In summary, the effect of dilution on the Independent Shareholders will be as follows:

<b>Shareholder(s)</b>	<b>Interest in the Company before the Transaction</b>	<b>Interest in the Company immediately following completion of the Transaction</b>
Independent Shareholders	70.4935%	14.0149%
Directors and associates	29.0992%	29.4528%
James Mellon and associates	15.3514%	23.4316%
Jamie Gibson	4.0829%	3.9474%
Stephen Dattels, David Comba and Julie Oates and associates	8.2268%	1.6356%
Mark Searle and Jayne Sutcliffe and associates	1.4381%	0.4382%

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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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Given the size of the Transaction, the number of new Shares to be issued by the Company is substantial and as a result, the percentage shareholding of Shareholders will be substantially reduced. However, in view of the Valuation of Plethora of approximately US\$194.9 million, the net asset value per Share will be largely preserved.

As compared with the Group's current approximate 10.54% shareholding in Plethora; upon completion of the Transaction, the Company will have 100% ownership in Plethora and will be able to enjoy 100% of its future economic benefits. In other words, while Shareholders will have a smaller shareholding in the Company upon completion of the Transaction, the extent of benefits they can effectively enjoy from Plethora can maintain by virtue of the Group's increased ownership in Plethora.

Separately, we note that while the percentage shareholding of all the Shareholders will decrease as a result of the Transaction, the shareholding of James Mellon and his associates will increase from approximately 15.3514% to approximately 23.4136%. This is due to their existing interests in Plethora, details of which are set out in the paragraph headed "Very Substantial and Connected Transaction" in the "Letter from the Board" of the Circular, which dated back to October 2011 when Plethora was in need of capital to develop PSD502™ at an early stage. In view of James Mellon's investments in and exposure to Plethora as early as October 2011 and service as a non-executive director of Plethora since January 2012, we consider such increase to be fair and reasonable.

Although the shareholding of the Independent Shareholders in the Company will be diluted to approximately 14.0149% upon completion of the Transaction, we note that the shareholding of Plethora Shareholders (other than those of the Company, the Directors and the non-executive directors of Plethora (namely Anthony Baillieu and Greg Bailey)) in the Company of approximately 56.3120% following completion of the Transaction will also form part of the public free float. Consequently, the shareholding of the public shareholders of the Company after completion of the Transaction will be approximately 70.3269%, which meets the 25% minimum public free float requirement.

Having considered the reasons stated above, we are of the view that the settlement of the consideration by the issue of the Consideration Shares is fair and reasonable taking into account the benefits of the Transaction as a whole and the current financial circumstances of the Group.

### **5. Possible financial effect of the Transaction**

#### **5.1 *Structure of the Transaction***

Shareholders are advised to refer to the charts set out in the section headed "Structure of the Transaction" in the "Letter from the Board" of the Circular. Upon completion of the Transaction, Plethora will become an indirect wholly-owned subsidiary of the Company and its results will be consolidated into the Group's consolidated financial statements.

#### **5.2 *Sources of funds and working capital***

Given that the Transaction involves an all-share offer to acquire the issued and to be issued Plethora Shares that the Company does not already own, the Transaction, save for any fees incurred, does not involve the payment of cash consideration.

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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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Structuring the acquisition by way of the issue of the Consideration Shares is regarded by the Group as being a sensible and appropriate method of payment for the Transaction.

### *5.3 Potential financial impact to the Group as enlarged by the Transaction*

The unaudited pro forma financial information of the Enlarged Group illustrating the financial impact of the Transaction on the results, assets and liabilities of the Group is set out in Appendix VI to the Circular.

Set out below are the summary of the unaudited pro forma financial information of the Group as enlarged by the proposed transaction prepared by the Management. This is for the purpose of illustrating the potential effects of the proposed transaction as if it had taken place (i) on 1 January 2014 in the case of the statement of comprehensive income and statement of cashflow; and (ii) on 30 June 2015 in the case of the statement of financial position.

#### *5.3.1 Total assets, total liabilities and consolidated net assets attributable to owners of the Company*

Based on the unaudited pro forma consolidated statement of financial position of the Enlarged Group as set out in Appendix VI to the Circular and assuming completion of the Transaction had taken place on 30 June 2015, (a) the total assets would have been increased from approximately US\$52.4 million to approximately US\$221.1 million, which includes the intangible assets of approximately US\$191.0 million; (b) the current liabilities would have been increased from approximately US\$3.2 million to approximately US\$4.2 million; and (c) the consolidated net assets would have been increased from approximately US\$49.2 million to approximately US\$197.8 million.

#### *5.3.2 Cash and cash equivalents*

Based on the unaudited pro forma consolidated statement of financial position of the Enlarged Group as set out in Appendix VI to the Circular, and assuming completion of the Transaction had been taken place on 30 June 2015, the cash and cash equivalents would have been increased by approximately 16.5% from approximately US\$7.6 million to approximately US\$8.9 million.

#### *5.3.3 Gearing ratio*

The Group expresses its gearing ratio as a percentage of total borrowings over the equity attributable to owners of the Company. As at 30 June 2015, the gearing ratio of the Group was nil. Based on the unaudited pro forma consolidated statement of financial position of the Enlarged Group as set out in Appendix VI to the Circular and assuming completion of the Transaction had been taken place on 30 June 2015, the gearing ratio would remain as nil.

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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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### 5.3.4 Revenue and loss for the year of the Company

Based on the unaudited pro forma consolidated statement of comprehensive income of the Enlarged Group as set out in Appendix VI to the Circular and assuming completion of the Transaction had taken place on 1 January 2014, (a) the revenue would have increased from approximately US\$0.2 million to approximately US\$6.5 million; and (b) the loss attributable to Shareholders for the year would have been increased from approximately US\$8.6 million to approximately US\$68.6 million. The Enlarged Group's performance worse off from a loss of approximately US\$8.6 million to the loss of approximately US\$68.6 million was mainly attributable to the consolidation of the financial results of Plethora Group into that of the Group, the amortisation charge on the intangible assets of approximately US\$19.4 million, the elimination of gain from bargain purchase of an associate of approximately US\$25.8 million, the elimination of fair value gain on revaluation of loan warrants which were deemed to be converted into ordinary shares of Plethora of approximately US\$8.3 million and the related acquisition costs incurred for the Transaction of approximately US\$2.9 million. The eliminations and the acquisition cost incurred for the Transaction are one-off items.

Despite the fact that the Enlarged Group would have recorded a loss for the year of approximately US\$68.6 million, in light of the growth prospects and potential for future revenue from the sale of PSD502™, the Directors consider that the Transaction remains fair and reasonable and in the interests of the Company and the Shareholders as a whole. Accordingly, the Enlarged Group's profitability will be improved and its revenue source will be diversified. As such, the Directors are of the view that the Transaction remains fair and reasonable and in the interests of the Company and the Shareholders.

**The Directors would like to draw the attentions of the Shareholders that, as the fair value of Plethora to be acquired by the Group under the Transaction at Completion may be substantially different from the fair value used in the preparation of the unaudited pro forma financial information of the Enlarged Group as set out in Appendix VI to the Circular, the actual financial effects of the Transaction on the Enlarged Group at the Completion may be different from the amounts presented in this section and the differences may be significant.**

### 6. Risk factors

Shareholders are urged to read carefully the risk factors set out on pages 93 to 113 in the Circular, in particular, the success of Plethora's lead product candidate PSD502™ depends on a number of factors, including those generally affecting biopharmaceutical products, as well as the successful manufacturing of the reduced fill can, the receipt of marketing approvals for PSD502™ in the United States, the successful negotiation of partnership agreements outside of Europe; and the launching of commercial sales of PSD502™, if and when approved, at the expected price levels. Any delay or failure of any of the above factors may materially affect the Valuation.

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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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### RECOMMENDATION

Having considered the above principal factors, we are of the view that (i) the Transaction (including the issuance and allotment of the Consideration Shares) is entered into in the ordinary and usual course of business of the Company; (ii) the terms of the Transaction (including the issuance and allotment of the Consideration Shares) are on normal commercial terms and are fair and reasonable so far as the Independent Shareholders are concerned; and (iii) the Transaction (including the issuance and allotment of the Consideration Shares) is in the interests of the Company and the Shareholders as a whole. Accordingly, we recommend the Independent Shareholders, as well as the Independent Board Committee to advise the Independent Shareholders, to vote in favour of the resolution(s) approving the Transaction (including the issuance and allotment of the Consideration Shares) to be proposed at the EGM.

Yours faithfully,  
For and on behalf of  
**Altus Capital Limited**  
**Chang Sean Pey**  
*Executive Director*

*Mr. Chang Sean Pey (“Mr. Chang”) is a Responsible Officer of Altus Capital Limited licensed to carry on Type 4 (advising on securities), Type 6 (advising on corporate finance) and Type 9 (asset management) regulated activities under the SFO and permitted to undertake work as a sponsor. He is also a Responsible Officer of Altus Investments Limited licensed to carry on Type 1 (dealing in securities) regulated activity under the SFO. Mr. Chang has over 15 years of experience in banking, corporate finance and advisory and investment management. In particular, he has participated in sponsorship work for initial public offerings and acted as financial adviser or independent financial adviser in various corporate finance advisory transactions.*

*With the exception of a major and connected transaction as described in the circular of the Company dated 16 March 2015, Altus Capital Limited has not acted as an independent financial adviser of the Company’s other transactions in the last two years from the date of the Circular. Pursuant to Rule 13.84 of the Exchange Rules, and given that remuneration for our engagement to opine on this is at a market level and is not conditional upon successful passing of the resolution and that our engagement is on normal commercial terms, Altus Capital Limited is independent of the Company.*

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## RISK FACTORS

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*The Transaction, together with any investment or existing shareholding in the Company and the Enlarged Group is subject to a number of risks. Accordingly, Shareholders and prospective investors should carefully consider all of the information set out in this document, including, in particular, the risks described in this section prior to making any decision in respect of how to exercise their voting rights in respect of the Shares in relation to the Transaction and their investment in the Company or Enlarged Group going forward.*

*A number of factors affect the operating results, financial condition and prospects of the Group from the date of this document and, assuming the Scheme becomes Effective, will affect the Enlarged Group following the Effective Date. This section describes the risk factors which are considered by the Directors to be material in relation to the Group, the Consideration Shares and, assuming the Scheme becomes Effective, the Enlarged Group, in relation to the proposed Transaction. However, these should not be regarded as a complete and comprehensive statement of all potential risks and uncertainties. Additional risks and uncertainties that are not presently known to the Directors, or which they currently deem immaterial, may also have an adverse effect on the Consideration Shares or on the Group's and, if the Scheme becomes Effective, the Enlarged Group's operating results, financial condition and prospects. If any of the risks described in this circular actually occur, the Group or, assuming the Scheme becomes Effective, the Enlarged Group, may not be able to conduct its business as currently planned and its financial condition, operating results and cash flows could be seriously harmed. In that case, the market price of the Shares, including the Consideration Shares, could decline, and all or part of an investment in the Shares and/or the Consideration Shares could be lost.*

*Any references below to the Company's or the Enlarged Group's business or products (or any risks in connection with such business or products) includes the business or products (and risks in connection with such business or products) of investee companies (including Plethora, in particular PSD502™) in which the Company has invested in the healthcare and life sciences sectors.*

### RISK FACTORS RELATING TO THE TRANSACTION

*The Transaction is subject to a number of conditions which may not be satisfied or waived*

The Transaction is being conducted by way of a scheme of arrangement under Part 26 of the Companies Act. The implementation of the Scheme is subject to the satisfaction (or waiver, where applicable) of a number of conditions, including:

- approval of the Scheme and the related resolutions by the requisite majorities of the Plethora Shareholders; and
- sanction of the Scheme by the UK Court at the Scheme Court Hearing.

Additionally, as the Transaction has been classified as a very substantial and connected acquisition under the Exchange Rules, the Transaction will also require the approval of the Company's



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## RISK FACTORS

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Shareholders. Although the Transaction is recommended by the Directors and the Independent Plethora Director which reduces the likelihood of these (or other conditions) not being satisfied (or waived, if applicable), there is no guarantee that these (or other conditions) will be satisfied (or waived, if applicable), in which case the Scheme will not become Effective.

***Even if a material adverse change to the Wider Plethora Group's business were to occur, it is highly unlikely that the Company would be able to invoke the conditions to the Transaction and terminate the Transaction, which could reduce the value of the Shares and Consideration Shares***

The Transaction is subject to certain conditions, including the condition that there have not been certain material adverse changes in the business, assets, financial or trading position, profits, prospects or operational performance of the Wider Plethora Group. The Company may invoke this "material adverse change" condition to the Transaction causing it not to proceed, only if the UK Takeover Panel is satisfied that the circumstances giving rise to that condition not being satisfied are of material significance to the Company in the context of the Transaction. In making this determination, the UK Takeover Panel will require there to be an adverse change of very considerable significance having a very significant impact on the purpose of the Transaction. In practice, it is highly unlikely that the Company would be able to invoke the material adverse change condition. As a result, the conditions may provide less protection than conditions which may customarily be received when acquiring a company not subject to the UK Takeover Code. If a material adverse change affecting the Wider Plethora Group was to occur and the UK Takeover Panel did not allow the Company to invoke a condition that would cause the Transaction not to proceed, the market price of Shares could decline or the Company's business, financial condition or results of operations could be materially adversely affected.

***A third party may be able to obtain a large enough shareholding in Plethora or the Company to delay or prevent completion of the Transaction***

Plethora is a listed entity whose ordinary shares are freely traded on AIM and the Company is a listed entity whose ordinary shares are freely traded on the Exchange. It is possible that an existing or new shareholder with a significant shareholding in Plethora or the Company could use, or could threaten to use, its shareholding to vote against the Scheme when shareholder consent is sought at the Plethora General Meeting, the Plethora Court Meeting or the Company's Extraordinary General Meeting. Such an action could materially delay or prevent the implementation of the Scheme and therefore deprive the parties of some or all of the anticipated benefits of the Transaction.

***The consideration for the Transaction is Consideration Shares (representing approximately four times the existing issued share capital of the Company) and the market value of Consideration Shares, as listed securities, may fluctuate and may not reflect the underlying asset value of the Company or, following completion of the Transaction, the Enlarged Group***

Shareholders and prospective investors should be aware that the value of an investment in the Enlarged Group may go down, as well as up and that following the issuance of the Consideration Shares in respect of the Transaction, the value of an investment may go down. The market value of the Company and Plethora can fluctuate and may not always reflect the underlying asset value. A number of factors outside the control of the Enlarged Group may impact on its performance and the

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## RISK FACTORS

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price of the Shares. Such factors include the operating and share price performance of other companies in the industry and markets in which the Enlarged Group operates, speculation about the Enlarged Group's business in the press, media or investment community, changes to the Enlarged Group's trading forecasts, the publication of research reports by analysts and general market conditions. The consideration for the Transaction is being satisfied by the issue of Consideration Shares representing approximately four times the existing issued share capital of the Company and Scheme Shareholders should be aware that the ongoing share price performance of the Company's Shares may be adversely affected by such considerable issue of shares, particularly in the short term. Scheme Shareholders should be aware that because the trading hours of the Exchange are 2:00 a.m. to 9:00 a.m. (UK time), the Scheme Shareholders may find it more difficult in practice to monitor such fluctuations. Please also read the risk factors in the section entitled "Risks Relating to the Company Shares" below.

### *The execution of the Transaction could cause the market price of Shares to decline*

The market price of Shares (including the Consideration Shares) may decline as a result of the Transaction, among other reasons, if the effect of the Transaction on the Company's financial results is not consistent with the expectations of analysts or investors; or Shareholders or former Shareholders sell a significant number of Shares after completion of the Transaction.

### *Ownership reduction*

Since the Transaction is to be effected by means of a scheme of arrangement under which Plethora Shareholders will be offered Consideration Shares once the Scheme becomes Effective, existing Shareholders will suffer a reduction in their proportionate ownership and voting interest in the ordinary share capital of the Enlarged Group. Equally, as a result of the issue of the Consideration Shares to Plethora Shareholders pursuant to the Scheme, existing Company Shareholders will suffer a reduction in their proportionate ownership and voting interest in the ordinary share capital of the Enlarged Group of 80.12 per cent. (assuming none of the Plethora Share Options or 'out-of-the-money' Fundraising Warrants are exercised or converted, as the case may require, before the Effective Date).

### *If the Transaction completes, the integration of Plethora could result in operating difficulties and other adverse consequences*

If the Transaction completes, the process of integrating Plethora may create unforeseen operating difficulties and expenditures and pose management, administrative and financial challenges. Specifically, integrating operations and personnel and pre-completion or post-completion costs may prove more difficult and/or expensive than anticipated, thereby rendering the value of the Transaction less than the value paid. The integration of the Transaction may require significant time and effort on the part of the Company and, if the Transaction completes, the Enlarged Group's management. The challenges of integrating Plethora may also be exacerbated by differences between Plethora's and the Company's operational and business culture, the need to implement unpopular cost cutting measures, difficulty in maintaining internal controls and difficulty in establishing control over cash flows and expenditures. The Company could experience difficulties in integrating Plethora successfully, which could have an adverse effect on the Company's and, if the Transaction completes, the Enlarged Group's financial condition and results of operations.

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## RISK FACTORS

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### **RISKS RELATING TO THE BUSINESS OF THE COMPANY AND, ASSUMING COMPLETION OF THE TRANSACTION, THE ENLARGED GROUP**

#### *Contingent liability in respect of Australian Capital Gains Tax*

The Company is currently in dispute with the Australian Taxation Office in connection with the disposal by the Group of an investment in BC Iron Limited, a company listed on the Australian Securities Exchange, in respect of a notice of assessment issued to the Company (the “**Assessment**”), which stated that capital gains tax was due and payable by the Company on 2 December 2013 in the amount of approximately A\$12.78 million (equivalent to approximately US\$9.27 million, £6.13 million or HK\$71.87 million), which excludes interest that has accrued on this amount since 2 December 2013 which, as at 2 November 2015, was approximately A\$2.57 million (equivalent to approximately US\$1.86 million, £1.23 million or HK\$14.45 million). The exchange rates used in this paragraph are the historic exchange rates at the relevant time.

While the Company has received independent expert Australian advice that it has grounds to challenge the Assessment in its entirety, in the event that the Dispute is not resolved to the Company’s satisfaction and the Company is required to pay some or all of the Assessment in the near term, such payment will have a material and adverse impact of the Company’s and, assuming completion of the Transaction, the Enlarged Group’s financial condition, results of operations and prospects.

#### *The disposal of legacy investments may face liquidity constraints and/or may decline in value*

The Company is a diversified investment group currently holding various corporate and strategic investments across the healthcare and life sciences sectors, as well as legacy investments in the natural resources sector. Where possible and practicable, the Company intends to sell its remaining non-healthcare and life sciences assets (“**Non-Core Assets**”) in the near future and focus all its attentions on its new healthcare and life sciences strategy. The liquidity of a security relates to the ability to readily dispose of that security and the price to be obtained upon disposition of the security, which may be lower than the prevailing market price. The Company may not be able to dispose of illiquid Non-Core Assets in a timely fashion or at their expected prices. Additionally, a longer time period may lead to the market value of an investment declining before the Company is able to complete a disposal which may have a material and adverse effect on the Company’s, and assuming completion of the Transaction, the Enlarged Groups business, financial condition, trading performance and prospects.

#### *The Company is exposed to fluctuating prices of crude oil, gold, uranium, copper, zinc and coal*

The Company is exposed to fluctuating prices of crude oil, gold, copper, zinc, uranium and coal in relation to its Non-Core Assets. The prices of crude oil, gold, copper, zinc, uranium and coal are affected by supply and demand, both globally and regionally. Factors that influence supply and demand include operational issues, natural disasters, weather, political instability, conflicts, economic conditions and actions by major commodity producing countries. Price fluctuations could have a material adverse effect on the value of the Non-Core Assets in the natural resources sector. The Company’s assets have in the past been impaired, and there could be impairments in the future which may have a material and adverse effect on the Company’s, and assuming completion of the Transaction, the Enlarged Group’s business, financial condition, trading performance and prospects.

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*Plethora depends to a material extent on the success of its lead product candidate, PSD502™, which it is developing for the treatment of premature ejaculation. If Plethora is unable to obtain regulatory approval beyond the European Union, or to commercialise PSD502™, or experiences significant delays in doing so, this would have a material adverse effect on its business.*

Plethora has invested a significant portion of its financial and other resources in the development of PSD502™ for the treatment of premature ejaculation. Plethora's and, following completion of the Transaction, the Enlarged Group's prospects, financial condition and results of operations for the foreseeable future, including its ability to achieve profitability, will depend heavily on whether PSD502™ is successfully developed and commercialised. The success of PSD502™ will depend on a number of factors, including those generally affecting biopharmaceutical products, and more specifically; the successful manufacturing of GMP batches of the reduced fill can by its manufacturing partners, being Pharmaserve and/or Catalent; the receipt of the NDA from the FDA; the successful negotiation of 'out licensing' agreements for territories outside of Europe; and the successful launching of commercial sales of PSD502™ by Plethora's commercial partners at expected prices.

### *Commercialised product risk*

The businesses of the Company and, assuming completion of the Transaction, the Enlarged Group, depend, and will depend, both on the successful commercialisation of existing but yet to be commercialised products and further out-licensing and/or development, obtaining and maintaining of marketing authorisations and subsequent successful commercialisation of any new products. There can be no assurance in respect of anticipated product sales from products yet to be marketed. Product sales may be affected by adverse market developments, including the market for a particular product not developing in the manner predicted by the Company, downward pressure on pricing from governments and other third parties to limit healthcare costs, increased competition and the withdrawal of a product for regulatory reasons or otherwise. Failure to commercialise any new products or existing products or adverse market developments could adversely affect the Company's and the Enlarged Group's growth prospects, financial condition and results of operations.

### *Development Risk*

The Company and, assuming completion of the Transaction, the Enlarged Group currently has a number of products for which marketing authorisations have been, will be or are being, sought in various territories. The Company and, assuming completion of the Transaction, the Enlarged Group anticipates filing applications to obtain further marketing authorisations in the future. There can be no assurance that any products for which marketing authorisation application is made will receive such authorisation and price reimbursement (if applicable) in those territories for which marketing authorisations are sought, or if they do, that they will be successfully commercialised in those territories. There can also be no assurance that such marketing authorisations will be obtained in a timely manner.

The Company's and, assuming completion of the Transaction, the Enlarged Group's future success will depend in part on its ability to identify products and product candidates for acquisition and licensing and the development and commercialisation of those products and product candidates. There can be no assurance that the Company and, assuming completion of the Transaction, the

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## **RISK FACTORS**

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Enlarged Group will be successful in identifying suitable new products and product candidates for commercialisation or that it will succeed in acquiring products or product candidates on commercial terms. Any failure of these products to obtain marketing authorisation, or to be successfully commercialised, could have a material adverse effect on the Company and, assuming completion of the Transaction, the Enlarged Group's financial condition, results of operations and prospects.

### ***Reliance on third parties***

The strategy of the Company and, assuming completion of the Transaction, the Enlarged Group is to use partners to assist in commercialising its products in the largest markets. Therefore, the Company and, assuming completion of the Transaction, the Enlarged Group will be, and will continue to be, reliant on third parties for the successful commercialisation of its products. There can be no assurance that the Company and, assuming completion of the Transaction, the Enlarged Group will be able to secure such partners or that, once secured, the Company's and, assuming completion of the Transaction, the Enlarged Group's partners will continue to commit the necessary resources to achieve commercial success. The Company's and, assuming completion of the Transaction, the Enlarged Group's ability to penetrate the markets that they serve is highly dependent upon the level of customer service provided by, and the quality and breadth of the other product lines carried by, its commercial partners, which may change from time to time, and over which the Company and, assuming completion of the Transaction, the Enlarged Group has little or no control.

The Company and, assuming completion of the Transaction, the Enlarged Group is reliant upon third parties for the manufacture of raw materials and components of current and future products. Its ability to procure their manufacture in a manner which complies with regulatory requirements may be constrained, and its ability to develop and deliver such material on a timely and competitive basis may be adversely affected.

From time to time the Company and, assuming completion of the Transaction, the Enlarged Group will rely on third-party contract research organisations to conduct its clinical trials. If these third parties do not successfully carry out their contractual duties or regulatory obligations, the Company's and, assuming completion of the Transaction, the Enlarged Group's clinical trials may be extended, delayed, suspended or terminated and the Company and, assuming completion of the Transaction, the Enlarged Group may not be able to obtain regulatory approval for or successfully commercialise its products.

### ***Reimbursement and product price uncertainty***

In some territories, the Company's and, assuming completion of the Transaction, the Enlarged Group's products, may be or become subject to a regime of reimbursement and/or pricing by government health authorities, private health insurers or other organisations. In some territories, the pricing of pharmaceutical products seeking reimbursement status is subject to government control. The government may fix the price according to set factors or may negotiate the prices of products. There is increasing pressure from governments and other third party payers to limit healthcare costs

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## RISK FACTORS

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by limiting both the price level and reimbursement status for new products, and by refusing reimbursement status in some cases. There can be no assurance that when future price levels of targeted cost savings are set, the pricing of the Company's and, assuming completion of the Transaction, the Enlarged Group's products will not be materially adversely affected.

The ability of the Company and, assuming completion of the Transaction, the Enlarged Group to commercialise its products successfully will depend, in part, on the extent to which reimbursement will be available from such authorities, private health insurers and other organisations. It is not certain that reimbursement status will be obtained for the Company's and, assuming completion of the Transaction, the Enlarged Group's new products or that the Company and, assuming completion of the Transaction, the Enlarged Group will maintain or obtain satisfactory price levels for such products.

Failure to obtain or maintain reimbursement for any products could have a material adverse effect on the Company's and, assuming completion of the Transaction, the Enlarged Group's financial condition and results of operations.

### *Achievement of commercial success or acceptance*

The Company's and, assuming completion of the Transaction, the Enlarged Group's products under development are targeted at medical conditions for which a number of marketed products already exist and where other companies also have new products in development. The products may also experience competition from the products of other companies which have greater research, development, marketing, financial and personnel resources than the Company has, or the Company and, assuming completion of the Transaction, the Enlarged Group will have.

Market acceptance of the Company's and, assuming completion of the Transaction, the Enlarged Group's products under development will largely depend on the Company's and, assuming completion of the Transaction, the Enlarged Group's ability to demonstrate their relative safety, efficacy, cost-effectiveness and ease of use. The Directors believe that the Company's and, assuming completion of the Transaction, the Enlarged Group's products will not be used unless it is proven that, based on experience, clinical data and recommendations from opinion leaders, that these products are both safe and effective.

The products of the Company and, assuming completion of the Transaction, the Enlarged Group may include new technologies that have not been previously used and must compete with more established treatments currently accepted as the standard form of treatment. The attributes of some of those products may require some changes in treatment techniques that have become standard within the medical community, and there may be resistance to change. Many clinicians may not switch to the products of the Company and, assuming completion of the Transaction, the Enlarged Group until there is sufficient, long-term clinical evidence to convince them to alter their existing treatment methods. In addition, clinicians may be slow to change their medical treatment practices because of perceived liability risks arising from the use of new products. Similarly, changes in attitudes towards forms of treatment amongst clinicians or patients may adversely affect the commercial prospects and success

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## RISK FACTORS

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of the Company's and, assuming completion of the Transaction, the Enlarged Group's products. Any failure to gain market acceptance of the Company's and, assuming completion of the Transaction, the Enlarged Group's products could adversely affect the sales of its products and its ability to achieve profitability.

### *Manufacturing*

The Company and, assuming completion of the Transaction, the Enlarged Group contracts out the manufacture of its current products and sales will depend upon, among other things, the continuance of suitable manufacturers being available to the Company and, assuming completion of the Transaction, the Enlarged Group on commercial terms.

The manufacture of the Company's and, assuming completion of the Transaction, the Enlarged Group's products is subject to regulation and periodic inspection by various regulatory bodies for compliance with quality standards. There can be no assurance that the regulatory authorities will not, during the course of an inspection of existing or new facilities, identify what they consider to be deficiencies in meeting the applicable standards and request or seek remedial action that could interrupt or prevent the continued manufacture of the Company's and, assuming completion of the Transaction, the Enlarged Group's products or significantly increase the cost of manufacturing such products. In addition, the Company and, assuming completion of the Transaction, the Enlarged Group is exposed to the risk of failure of the manufacturing facilities or production stoppages as a consequence of fire, equipment failure and other accidents. If such failure occurs the Company and, assuming completion of the Transaction, the Enlarged Group could be exposed to non-production. Non-production could result in a material adverse effect on the Company's and, assuming completion of the Transaction, the Enlarged Group's sales, financial condition, results of operations and prospects.

### *Competition*

The specialty pharmaceutical industry is highly competitive. The competitors of the Company and, assuming completion of the Transaction, the Enlarged Group have and will continue to develop products and product candidates which directly compete with the Company's and, assuming completion of the Transaction, the Enlarged Group's products. Competing products could prove to be superior treatment alternatives to any or all of the Company's and, assuming completion of the Transaction, the Enlarged Group's products and/or product candidates, thus reducing or eliminating the Company's and, assuming completion of the Transaction, the Enlarged Group's potential revenues from such product or products, or resulting in the decision to cease development of a product candidate. Even if the Company and, assuming completion of the Transaction, the Enlarged Group is successful in developing effective products, new products introduced after the Company and, assuming completion of the Transaction, the Enlarged Group commences marketing of any product may be safer, more effective, less expensive or easier to administer than the Company's and, assuming completion of the Transaction, the Enlarged Group's products. Competitors may also enjoy a significant competitive advantage if they are able to achieve patent protection, obtain data or market exclusivity, market authorisations and/or commence commercial sales of their products before the Company and, assuming completion of the Transaction, the Enlarged Group. A further risk is that competitors can offer products of similar quality below the price level at which the Company and,

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assuming completion of the Transaction, the Enlarged Group can make an appropriate return. Since competitors of the Company and, assuming completion of the Transaction, the Enlarged Group may have significantly greater resources than the Company and, assuming completion of the Transaction, the Enlarged Group itself, or may be more advanced in the development of their products, the Company and, assuming completion of the Transaction, the Enlarged Group may not be able to compete successfully. This would have a material adverse effect on the Company's and, assuming completion of the Transaction, the Enlarged Group's financial condition, results of operations and prospects.

### *Acquisitions and joint ventures*

The Company has in the past made acquisitions and entered into joint ventures. The Company and, assuming completion of the Transaction, the Enlarged Group may enter into acquisitions, joint ventures or strategic alliances. There can be no guarantee that future cash flows will be sufficient to fund future acquisitions, joint ventures or strategic alliances which have not yet been identified by the Company or, assuming completion of the Transaction, the Enlarged Group.

The allocation of the price paid to acquire a business usually leads to the revaluation of its existing assets, as well as the identification and recognition of new intangible assets which result in additional amortisation expenses or, in subsequent years, in charges related to the impairment of redundant or overvalued assets. Furthermore, acquisitions and joint-ventures may also result in costly and disruptive restructurings. These events have had, and similar events in the future may have, a material effect on the operating performance and financial situation of the Company and/or the price of the Shares.

Acquisitions involve numerous other risks relating to integration, including the failure to achieve the expected benefits and synergies, the diversion of management's attention from other business concerns and the loss of key employees. Joint ventures present the risk of conflicts of interest or strategy. Joint venture partners may also be unable to fulfil their obligations under the joint venture agreement or experience financial or other difficulties. If the Company and, assuming completion of the Transaction, the Enlarged Group is unable to manage all of these risks efficiently, it may be forced to incur extraordinary expenses or charges which may have an adverse effect on its financial condition, results, operations and prospects.

There can be no guarantee that in the future the Company and, assuming completion of the Transaction, the Enlarged Group will be able to source appropriate acquisitions to grow the business alongside its organic development.

### *Financing requirements and access to capital*

The amount and timing of the expenditures required to carry out the product development activities of the Company and, assuming completion of the Transaction, the Enlarged Group are uncertain and will depend on numerous factors, some of which are outside the Company's and,



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## RISK FACTORS

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assuming completion of the Transaction, the Enlarged Group's control. Factors that could increase the Company and, if the Transaction completes, the Enlarged Group's funding requirements include, but are not limited to:

- higher costs and slower progress than expected to develop products or obtain regulatory approvals;
- slower progress than expected in securing development and commercialisation partners for the Company and, assuming completion of the Transaction, the Enlarged Group's products; and
- costs incurred in relation to the protection of the Company and, assuming completion of the Transaction, the Enlarged Group's intellectual property.

Greater than expected expenditure requirements may materially and adversely affect the Company's and, assuming completion of the Transaction, the Enlarged Group's financial results and their ability to introduce new products profitably.

### *Protection of patents and proprietary rights*

The ability of the Company's and, assuming completion of the Transaction, the Enlarged Group's products to compete effectively with those developed by other companies will depend, amongst other things, on the Company's and, assuming completion of the Transaction, the Enlarged Group's ability to secure and enforce valid patents and other proprietary rights. No assurance can be given that any patent applications will proceed to grant or that any granted patents will be enforceable and, if enforceable, will be sufficiently broad in their scope to provide commercially valuable protection for the Company's and, assuming completion of the Transaction, the Enlarged Group's products. Even if the Company and, assuming completion of the Transaction, the Enlarged Group is able to secure enforceable, commercially valuable, intellectual property protections, the costs associated with enforcement against a third party infringing the Company's and, assuming completion of the Transaction, the Enlarged Group's rights may be substantial, and the outcome of any associated litigation may be uncertain.

The commercial success of the Company's and, assuming completion of the Transaction, the Enlarged Group's products will also depend upon non-infringement of patents granted to third parties who may have filed applications or who have obtained, or may obtain, patents which might inhibit the Company's and, assuming completion of the Transaction, the Enlarged Group's ability to develop and exploit its own products. As patent applications are not normally published until 18 months after the date of priority applications (or, in the case of the US, until grant) the Company and, assuming completion of the Transaction, the Enlarged Group cannot be certain that it was the first to make the innovation covered by each pending application. If this is the case, the Company and, assuming completion of the Transaction, the Enlarged Group may need to obtain alternative technology or reach

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## RISK FACTORS

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commercial terms on the licensing of other parties' intellectual property rights. There can be no assurance that the Company and, assuming completion of the Transaction, the Enlarged Group will be able to obtain such alternative technology or be able to licence, on commercially acceptable terms or at all, such intellectual property rights.

In addition, third parties may allege infringement by the Company and, assuming completion of the Transaction, the Enlarged Group of their intellectual property. Even if the Company and, assuming completion of the Transaction, the Enlarged Group is ultimately able to successfully defend itself against such allegations, the costs associated with such defence may be significant and the Company and, assuming completion of the Transaction, the Enlarged Group may endure a long period of uncertainty regarding the outcome of such allegations.

The commercial success of some of the Company's and, assuming completion of the Transaction, the Enlarged Group's products will also depend to a degree on being able to use and enforce certain trade marks. There can be no assurance that these trade marks will not be challenged and if challenged that the trade mark would not be found to be invalid.

The commercial success of the Company's and, assuming completion of the Transaction, the Enlarged Group's products may also depend on third parties not enforcing their trade mark rights. If a third party is successful in enforcing its trade mark, the Company and, assuming completion of the Transaction, the Enlarged Group, or its licensees, may need to abstain from using a mark, obtain an alternative mark or reach commercial terms on the in-licensing of such third parties' intellectual property rights. There can be no assurance that the Company and, assuming completion of the Transaction, the Enlarged Group, or its licensees, will be able to obtain such alternative mark or be able to licence, on commercially acceptable terms or at all, such intellectual property rights.

To develop and maintain its competitive position, the Company and, assuming completion of the Transaction, the Enlarged Group also relies on unpatented trade secrets and improvements, unpatented confidential knowhow and continuing technological innovation. The trade secrets and confidential know-how represent the practical knowledge base which the Company and the Enlarged Group has acquired in developing its products. Trade secrets and know-how can only be protected by keeping the information secret and confidential and the Company and, assuming completion of the Transaction, the Enlarged Group achieves this with security measures it considers to be reasonable, including confidentiality agreements with its collaborators, consultants and employees. The Company and, assuming completion of the Transaction, the Enlarged Group may not have adequate remedies if these agreements are breached and the Company's and, assuming completion of the Transaction, the Enlarged Group's competitors may independently develop any of the proprietary information.

If the Company and, assuming completion of the Transaction, the Enlarged Group fails to obtain adequate protection for its intellectual property, the Company's competitors may be able to take advantage of the Company and, assuming completion of the Transaction, the Enlarged Group's research and development efforts. The Company and, assuming completion of the Transaction, the Enlarged Group has in-licensed and acquired intellectual property rights from third parties and the Company and, assuming completion of the Transaction, the Enlarged Group may do so in the future.

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There can be no assurance that such intellectual property rights are, or will be, free from the rights and interests of further third parties and that such further third parties will not challenge the rights of the Company and, assuming completion of the Transaction, the Enlarged Group to such intellectual property.

Where registered intellectual property rights are licensed to, but not maintained by, the Company and, assuming completion of the Transaction, the Enlarged Group, there can be no assurance that the licensor will adequately maintain and protect the underlying intellectual property rights in which the Company and, assuming completion of the Transaction, the Enlarged Group has an interest. Such further third party interests, or any failure by a licensor to maintain and protect underlying intellectual property rights, could materially and adversely affect the business and/or financial position of the Company and, assuming completion of the Transaction, the Enlarged Group.

### *Reliance on key personnel*

In common with many other smaller companies, the Company's and, assuming completion of the Transaction, the Enlarged Group's future success will be in part dependent on its ability to retain and attract suitable senior and qualified personnel. The loss of any of these key personnel may have a material adverse effect on the future of the Company's and, assuming completion of the Transaction, the Enlarged Group's business.

### *Regulation and Regulatory Environment*

The activities of the Company and, assuming completion of the Transaction, the Enlarged Group are and will be subject to regulation from a number of regulatory authorities in different countries, which can range from regulation impacting the authorisation of a new product, the manufacturing processes for new and existing products and the pricing of new and existing products. The international speciality pharmaceutical and medical device industries are highly regulated by numerous governmental authorities in the UK, Europe and the US, and by regulatory agencies in other countries where the Company and, assuming completion of the Transaction, the Enlarged Group intends to test or market products it may develop. National regulatory authorities administer a wide range of laws and regulations governing the testing, approval, manufacturing, labelling, marketing and pricing of drugs and devices and also review the quality, safety and effectiveness of pharmaceutical products and devices. These regulatory requirements are a major factor in determining whether a substance can be developed into a marketable product and the amount of time and expense associated with such development. Government regulation imposes significant costs and restrictions on the development of pharmaceutical products for human use, including those the Company and, assuming completion of the Transaction, the Enlarged Group is or will be developing. The development, clinical evaluation, manufacture and marketing of the Company's and, assuming completion of the Transaction, the Enlarged Group's products and on-going research and development activities are subject to regulation by governments and regulatory agencies in all territories within which the Company and, assuming completion of the Transaction, the Enlarged Group intends to manufacture and market its products (whether itself or through a partner or licensee). No assurance can be given

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that any of the Company's and, assuming completion of the Transaction, the Enlarged Group's products under development will successfully complete the clinical trial process or that regulatory approvals to manufacture and market these products will ultimately be obtained or maintained in all or any territories.

The time taken to obtain regulatory approval varies between territories and no assurance can be given that any of the Company's and, assuming completion of the Transaction, the Enlarged Group's products under development will be approved in any territory within the timescale envisaged, or at all. This may result in a delay, or make impossible, the commercialisation of its products.

Furthermore, each regulatory authority may impose its own requirements (for instance, by restricting the product's indicated uses) and may refuse to grant, or may require additional data before granting, an approval, even though the relevant product candidate may have been approved by another territory's authority.

If regulatory approval is obtained, the product and its manufacture will be subject to continual review and this approval may be withdrawn or restricted. Changes in applicable legislation or regulatory policies, or discovery of problems with the product, or its restrictions on the product, its sale, manufacture or use, including withdrawal of the product from the market or otherwise, may have an adverse effect on the Company's and, assuming completion of the Transaction, the Enlarged Group's business, results of operations and prospects. Changes to regulation and the regulatory environment could materially impact the ability of the Company and, assuming completion of the Transaction, the Enlarged Group to bring new products to the market or could materially impact the profitability and cashflows of the Company if it is unable to adjust accordingly or may require the Company and, assuming completion of the Transaction, the Enlarged Group to incur significant additional expenditure to ensure its products and product candidates comply with new and increased regulation.

Failure of any one of the Company's or the Enlarged Group's products to meet regulatory standards could result in failure of the Company or the Enlarged Group to bring a product to market or the withdrawal of an existing product from the market. This would have an adverse effect on the Company's and, assuming completion of the Transaction, the Enlarged Group's business, results of operations and prospects.

### *Maintenance of products' regulatory status in relevant territories*

The activities of the Company and, assuming completion of the Transaction, the Enlarged Group rely on regulatory expertise to ensure products meet regulatory requirements and to monitor changes in legislation to ensure that product licences and CE marks can be maintained in the future. There can be no assurance that products will continue to meet regulatory requirements if these change after the original regulatory approval has been granted.

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Failure of any one of the Company's or, assuming completion of the Transaction, the Enlarged Group's products to meet regulatory standards could result in the withdrawal of an existing product from the market. This would have an adverse effect on the Company's and, assuming completion of the Transaction, the Enlarged Group's business, results of operations and prospects.

### *Market perceptions and negative publicity*

The business of the Company and, assuming completion of the Transaction, the Enlarged Group is and will be highly dependent upon market perceptions of the Company and, assuming completion of the Transaction, the Enlarged Group, its brands and the safety and quality of the products. The Company's and, assuming completion of the Transaction, the Enlarged Group's businesses could be adversely affected if the Company and, assuming completion of the Transaction, the Enlarged Group or its brands are subject to negative publicity. The Company and, assuming completion of the Transaction, the Enlarged Group could also be adversely affected if any of its products or any similar products distributed by other companies prove to be, or are asserted to be, harmful to consumers. Also, because of the Company's and, assuming completion of the Transaction, the Enlarged Group's dependence upon market perceptions, any adverse publicity associated with illness or other adverse effects resulting from consumers' use or misuse of the Company's and, assuming completion of the Transaction, the Enlarged Group's products or any similar products distributed by other companies could have a material adverse impact on the Company's and, assuming completion of the Transaction, the Enlarged Group's results of operations.

Furthermore, government bodies and regulatory agencies require that potential pharmaceutical products are subject to pre-clinical studies, prior to conducting human trials. The Company and, assuming completion of the Transaction, the Enlarged Group may place contracts for such work either itself or through its collaborators. Such work can be subject to adverse public opinion and has attracted the attention of special interest groups. Such special interest groups have not had a significant impact on the Company's and, assuming completion of the Transaction, the Enlarged Group's operations to date. There can, however, be no assurance that such groups will not, in the future, have a significant impact on the Company's and, assuming completion of the Transaction, the Enlarged Group's activities or those of its licensees or collaborators, or that any such public opinion would not adversely affect the Company's and, assuming completion of the Transaction, the Enlarged Group's operations.

### *Product liability and product liability insurance*

The activities of the Company and, assuming completion of the Transaction, the Enlarged Group expose it to potential product liability and professional indemnity risks that are inherent in the research, development, manufacturing, marketing and use of pharmaceutical products and medical devices. The Company and, assuming completion of the Transaction, the Enlarged Group faces the risk that the use of its products in human clinical trials will result in adverse effects, including deaths, or that long-term adverse effects may emerge following marketing approval of its products. There can be no assurance that the insurances necessary to mitigate the exposure to such risks will be available to

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the Company and, assuming completion of the Transaction, the Enlarged Group at an acceptable cost or at all, or that, in the event of any claim, the level of insurance carried by the Company and, assuming completion of the Transaction, the Enlarged Group now or in the future will be adequate or that a product liability or other claim would not materially adversely affect the Company's and, assuming completion of the Transaction, the Enlarged Group's business. If the Company and, assuming completion of the Transaction, the Enlarged Group is not able to adequately protect itself against potential liability claims, it may find it difficult or impossible to secure commercialisation of its products.

### *Environmental and safety regulation*

The Company and, assuming completion of the Transaction, the Enlarged Group is and will be subject to environmental and safety laws and regulations, including those governing the use of hazardous materials. The cost of compliance with these and similar future regulations could be substantial. Although the Directors believe that the Company's and, assuming completion of the Transaction, the Enlarged Group's procedures comply with applicable regulations, the Company and, assuming completion of the Transaction, the Enlarged Group cannot eliminate the risk of accidental contamination or injury from such materials. In the event of an incident, the resulting liabilities could have an adverse impact on the Company and, assuming completion of the Transaction, the Enlarged Group. Similarly, many of the Company's and, assuming completion of the Transaction, the Enlarged Group's suppliers, collaborators and customers are subject to similar laws and regulations. Contravention of such laws and regulations by these groups could have an adverse impact on the Company and, assuming completion of the Transaction, the Enlarged Group.

### *International activities*

Given the international nature of its business, the Company and, assuming completion of the Transaction, the Enlarged Group will be subject to a number of political, regulatory and trade risks, including:

- unexpected regulatory reforms;
- customs duties, export controls and other trade barriers;
- longer account receivable payments cycles and difficulties in collecting accounts receivable in certain countries;
- limited legal protection of intellectual property rights in certain countries;
- social and political instability; and
- regulations relating to withholding taxes on payments made by distributors in overseas territories.

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## **RISK FACTORS**

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The Company and, assuming completion of the Transaction, the Enlarged Group cannot guarantee that it will be able to manage these risks, many of which are outside its control, or that it will be able to ensure compliance with applicable regulations without incurring additional costs.

### ***The Company must manage the growth of its operations effectively***

The Company's and, assuming completion of the Transaction, the Enlarged Group's ability to manage its growth effectively will require it to continue to improve its operations and procedures and to train, motivate and manage its employees as appropriate for a growing organisation. Any failure to manage current and planned growth by making the requisite improvements to its operations and proceedings may have a material and adverse effect on the Company's and, assuming completion of the Transaction, the Enlarged Group's business, financial condition, trading performance and prospects.

### ***Exchange rate fluctuations***

As a consequence of the international nature of the Company and, assuming completion of the Transaction, the Enlarged Group, it will be exposed to risks associated with changes in foreign currency exchange rates. The Company's and, assuming completion of the Transaction, the Enlarged Group's future sales operations will be affected by fluctuations in exchange rates to the extent that its sales and purchases are denominated in currencies other than its reporting currency. Movements in exchange rates to translate foreign currencies may have a significant impact on the Company's and, assuming completion of the Transaction, the Enlarged Group's results of operations, financial position and cash flows from year to year.

### ***Non guarantee of tax treatment***

The information in this document is based on existing taxation legislation. There is no guarantee that the tax treatment described in this document will continue to apply. Any changes to tax legislation may have an adverse effect on the Company's and, assuming completion of the Transaction, the Enlarged Group's tax status and/or the Company's and, assuming completion of the Transaction, the Enlarged Group's financial results. Any changes may also affect the return on an investor's investment in the Company and, assuming completion of the Transaction, the Enlarged Group and result in changes in tax rates and relief.

## **RISKS RELATING TO THE COMPANY SHARES**

### ***Highly volatile share price***

The share price of publicly traded companies can be highly volatile. The price at which the Shares will trade and the price which investors may realise for their Shares will be influenced by a large number of factors, some specific to the Company and, assuming completion of the Transaction,

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## RISK FACTORS

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the Enlarged Group and its operations, some of which may affect the specialty pharma sector or quoted companies generally, and many of which are outside the control of the Company and, assuming completion of the Transaction, the Enlarged Group. These include, but are not limited to:

- actual or anticipated results of clinical trials;
- actual or anticipated regulatory approvals of healthcare products or of competing products;
- changes in laws or regulations applicable to healthcare products;
- changes in the expected or actual timing of development programmes;
- actual or anticipated variations in periodic operating results;
- announcements of technological innovations by the Company and, assuming completion of the Transaction, the Enlarged Group, or its competitors;
- new products or services introduced or announced by the Company and, assuming completion of the Transaction, the Enlarged Group or its competitors;
- changes in financial estimates or recommendations by securities analysts;
- conditions or trends in the biotechnology and pharmaceutical industries;
- changes in the market valuations of similar companies;
- announcements by the Company and, assuming completion of the Transaction, the Enlarged Group of significant acquisitions, strategic partnerships, joint ventures or capital commitments;
- additions or departures of key personnel;
- disputes or other developments relating to proprietary rights, including patents, litigation matters and the Company's and, assuming completion of the Transaction, the Enlarged Group's ability to obtain, maintain and defend patent protection for its technologies and to avoid infringement of third party intellectual property rights;
- terrorism or war charges affecting the economical and investment climate generally;
- natural and other types of disaster; and
- trading volume of the Shares.



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## RISK FACTORS

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In addition, the stock market in general, and the market for healthcare and life sciences companies in particular, have experienced extreme price and volume fluctuations that have affected the market prices for securities and which have often been unrelated or disproportionate to the operating performance of those companies. These broad market and industry factors may seriously harm the market price of the Shares, regardless of the Company's and, assuming completion of the Transaction, the Enlarged Group's operating performance.

### *Market volatility and regulatory landscape in China*

The government of the PRC has promulgated laws and regulations over the past 20 years regarding matters such as corporate organisation and governance, issuance and trading of securities, shareholders' rights, foreign investment, commerce, taxation and trade. Many of these laws and regulations are relatively new and evolving, however, and as such, are subject to different interpretations and may be inconsistently implemented and enforced. In addition, only a limited volume of published court decisions may be cited for reference, and such cases have limited precedential value as they are not binding on subsequent cases. Due to the proximity between Hong Kong and the PRC, such uncertainties relating to the interpretation, implementation and enforcement of PRC laws and regulations and a system of jurisprudence that gives only limited precedential value to prior court decisions can affect the legal remedies and protections available to Scheme Shareholders and Shareholders, and can adversely affect the value of a Scheme Shareholder's or a Shareholder's investment in the Company.

In addition, the trading volumes, liquidity and volatility in the PRC stock markets (including the recent suspension of trading on the Shanghai Stock Exchange and the Shenzhen Stock Exchange due to price volatility) may expose shares being traded on the Exchange to greater volatility and adversely affect the price of Shares. Scheme Shareholders and Shareholders must therefore not place undue reliance on the prior trading history of Shares when evaluating the Transaction.

### *The state of political environment in Hong Kong may adversely affect the Company's and, assuming completion of the Transaction, the Enlarged Group's performance and financial condition*

Hong Kong is a special administrative region of the PRC and enjoys a high level of autonomy under the principle of "one country, two systems" according to the Basic Law of Hong Kong. The Company and, assuming completion of the Transaction, the Enlarged Group will not, however, be in any position to guarantee the implementation of the "one country, two systems" principle and the level of autonomy as currently in place. Any change to such political arrangements may pose an immediate threat to the stability of the economy in Hong Kong, and since the Company's head office and listing is located in Hong Kong, that could directly and negatively affect the results of operations, financial condition and prospects of the Company and, assuming completion of the Transaction, the Enlarged Group.

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## RISK FACTORS

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*The Company's historical earnings, cash flows and other historical financial data are not necessarily predictive of its earnings or its other key financial figures going forward*

The Company financial information discussed in this document and the financial statements that have been reproduced herein relate to the Group's performance in past periods. The Group's and the Enlarged Group's future development and performance may, however, deviate significantly from past results. The historical earnings and other historical financial data are therefore not necessarily predictive of the Group's or the Enlarged Group's earnings or other key financial performance indicators going forward.

*An active liquid trading market for the Company Shares may not develop*

Although the Shares are listed, there can be no assurance that any active or liquid trading market for the Shares will develop or continue, and this could affect the development of a liquid and active trading market for the Shares. The continued existence of large shareholders may inhibit the development of an active, liquid trading market for the Shares. Market conditions may cause the market price of the Shares to fluctuate.

*Possibility of falling stock prices due to future sales or issuance of the Company Shares*

It is possible that the Company may decide to offer additional Shares in the future, for example as non-cash consideration in making acquisitions, as it is proposing to do so through the issue of the Consideration Shares in connection with the Transaction. Any increase in the number of the Shares eligible for sale or trading including without limitation any such increase arising as a result of the issue of the Consideration Shares, or the perception that such sales may occur, could adversely affect the market or the market price of the Shares including the Consideration Shares.

In addition, the Company may in the future issue equity or equity-linked securities to finance its operations. Specifically, it may issue securities to fund further acquisitions not yet identified in the same way the Company is proposing to do so through the issue of the Consideration Shares in connection with the Transaction. This could adversely affect the market for, or the market price of the Shares including the Consideration Shares. The extent to which the Company will acquire new products will be adjusted to match the available working capital.

*Dividend payments are not guaranteed*

The ability of the Company to pay dividends on the Shares will be dependent upon the Company's and, assuming completion of the Transaction, the Enlarged Group's profitability and availability of distributable reserves out of which any proposed dividend may be paid. No assurance can be given that the Company will be able to pay dividends going forward.

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## RISK FACTORS

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### **RISKS RELEVANT TO PLETHORA SHAREHOLDERS RELATING TO HOLDING SECURITIES IN A CAYMAN ISLANDS INCORPORATED COMPANY WHOSE SECURITIES ARE LISTED ON THE HONG KONG MAIN BOARD**

*The Consideration Shares will be issued in certificated form and must be deposited into CCASS before Plethora Shareholders can trade their Consideration Shares on the Exchange. There is no guarantee that Plethora Shareholders will be able to find a broker willing or able to deposit their Consideration Shares into CCASS on their behalf. Rates and charges will apply to the services provided by a broker and may vary*

If Plethora Shareholders wish to trade their Consideration Shares on the Exchange (other than a transfer of Consideration Shares “off-market” by way of execution of a physical instrument of transfer), their certificated Consideration Shares must be deposited into CCASS (the clearing and securities settlement system used within the Exchange). Unless Plethora Shareholders can make other arrangements, Plethora Shareholders may attempt to do this through utilising the services of: (i) a UK bank or securities broker firm with Hong Kong registered and appropriately licensed counterparts; or (ii) a Hong Kong registered and appropriately licensed bank or securities broker firm (those organisations referred to in (i) and (ii) above being together referred to as a “Relevant Broker”); or (iii) another bank or securities broker firm who can make the necessary arrangements, on shareholder’s behalf, with a Relevant Broker. Plethora Shareholders should note that if they are unable to find a bank or securities broker that is willing or able to accept an application for a securities trading account and deposit their certificated new Consideration Shares into CCASS on their behalf, they may not be able to trade their Consideration Shares on the Exchange.

If a Scheme Shareholder was unable to trade their Consideration Shares into CCASS on the Exchange, this could have a material detrimental effect on the value of such Shares.

#### ***Potential delay in trading Consideration Shares***

The Company has up to 14 days after the Effective Date to despatch the definitive certificates for the Consideration Shares. Scheme Shareholders who wish to trade their Consideration Shares on the Exchange may also need to complete a registration and account opening process with a Relevant Broker or other broker, following which their Consideration Shares will undergo a process for such shares to be deposited into, and enabled in, CCASS (at which point the trading of those Consideration Shares on the Exchange can, in practice, commence). The processes referred to above will result in a period of delay between the Effective Date and the date when the Scheme Shareholders can, in practice, trade their Consideration Shares on the Exchange, should they wish to do so. This time period could be four weeks or longer, depending on the ability of the Scheme Shareholder to meet the above mentioned requirements on a timely basis. During such period of delay, it is possible that the price of Shares in the Exchange could have fallen, to the detriment of Scheme Shareholders wishing to sell their Consideration Shares on the market or that, during such delay, the market in Shares (or generally in shares listed on the Exchange) is otherwise negatively impacted.

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## RISK FACTORS

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*The rights, obligations and risks associated with holding shares in a company incorporated in the Cayman Islands whose securities are listed on the Hong Kong Main Board may differ significantly from holding shares in a company incorporated in the United Kingdom whose shares are traded on AIM*

Plethora Shareholders who receive Consideration Shares following the Scheme becoming Effective should note that there may be significant differences between the rights, obligations and risks associated with holding current Plethora Shares and the rights, obligations and risks associated with holding Consideration Shares, including, without limitation, in relation to: pre-emption rights (or the absence of such rights) applying in relation to the issuance of Consideration Shares (and the consequential potential dilutive effect on the proportionate holdings of existing Shareholders in the Company's share capital) (in particular, there are no provisions for pre-emptive rights under the Company's articles of association or the laws of the Cayman Islands which would oblige the Company to offer new shares on a pro rata basis to existing shareholders, and the Exchange Rules provide that directors of a listed company may by ordinary resolution in a general meeting obtain a general mandate to issue, allot or otherwise deal with additional shares, on a non pre-emptive basis, up to a maximum of 20 per cent. of the company's issued voting share capital as at the date of the resolution); the trading and settlement of Shares on the Exchange and the key issues or practical difficulties in relation to such trading and settlement; restrictions and other considerations regarding taking certain corporate actions (or electing that such actions be taken) in relation to any Shares, including with respect to exercising voting rights attaching to such shares, where such shares are held, directly or indirectly, through nominee or depositary arrangements; key differences in the corporate governance regimes and standards applicable to companies listed on the Hong Kong Main Board and to companies whose shares are traded on AIM; and generally, the different laws, rules, regulations and standards (including in relation to corporate takeovers, minority shareholder rights protections, taxation and accounting) applying in relation to a Cayman Islands incorporated company listed on the Hong Kong Main Board as compared to those applying to an English incorporated company whose shares are traded on AIM.

Plethora Shareholders are strongly encouraged to read the overview of differences between the laws and regulations applicable to Plethora and the Company set out in Part C of Appendix II to the Scheme Document to better understand the implications of holding securities in the Company as opposed to holding Plethora Shares.

*The Consideration Shares will be issued in certificated form and must be deposited into CCASS before Plethora Shareholders can trade their Consideration Shares on the Exchange. There is no guarantee that Plethora Shareholders will be able to find a broker willing or able to deposit their Consideration Shares into CCASS on their behalf. Rates and charges will apply to the services provided by a broker and may vary*

Rates and charges will apply to operation of a securities trading account opened in relation to the deposit of Consideration Shares, which rates and charges will vary from broker to broker and may or may not be significant in comparison to the value of a Plethora Shareholder's current holding in Plethora Shares. In addition, if Plethora Shareholders are currently utilising the services of a broking firm in the United Kingdom, they may currently have protections afforded to them under the UK Financial Services Compensation Scheme which may not be available to them if they become customers of Relevant Broker which is not regulated by the FCA or the PRA.

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## APPENDIX I      CONDITIONS AND FURTHER TERMS OF THE TRANSACTION

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### Part A: Conditions of the Transaction

- 1 The Transaction is conditional upon the Scheme becoming unconditional and Effective, subject to the UK Takeover Code, by not later than 30 September 2016 or such later date (if any) as the Company and Plethora may agree (if required) and the UK Takeover Panel and the UK Court may allow. In addition, it is subject to the terms and conditions set out in this circular and in the Scheme Document.
  
- 2 The Scheme is subject to the following conditions:
  - 2.1
    - (i) its approval by a majority in number of the Plethora Shareholders who are present and vote, whether in person or by proxy, at the Plethora Court Meeting and who represent not less than 75 per cent. in value of the Plethora Shares voted by those Plethora Shareholders; and
    - (ii) such Plethora Court Meeting being held on or before 24 March 2016 (or such later date as may be agreed by the Company and Plethora and the UK Court may allow);
  
  - 2.2
    - (i) the resolution(s) required to approve and implement the Scheme being duly passed by Plethora Shareholders representing 75 per cent. or more of votes cast in person or by proxy at the Plethora General Meeting; and
    - (ii) such Plethora General Meeting being held on or before 24 March 2016 (or such later date as may be agreed by the Company and Plethora and the UK Court may allow);
  
  - 2.3
    - (i) the sanction of the Scheme by the UK Court (with or without modification but subject to any modification being on terms acceptable to Plethora and the Company) and the delivery of a copy of the Scheme Court Order to the Registrar of Companies; and
    - (ii) the Scheme Court Hearing to sanction the Scheme being held on or before 30 March 2016 (or such later date as may be agreed by the Company and Plethora and the UK Court may allow).

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## APPENDIX I      CONDITIONS AND FURTHER TERMS OF THE TRANSACTION

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- 3 In addition, subject as stated in Part B below and to the requirements of the UK Takeover Panel, the Transaction will be conditional upon the following conditions and, accordingly, the Scheme Court Order will not be delivered to the Registrar of Companies unless such conditions (as amended if appropriate) have been satisfied or, where relevant, waived:

### **Company shareholder approval**

- (a) the passing at the Extraordinary General Meeting of such resolution or resolution(s) as are necessary to approve, implement and effect the Transaction including a resolution to approve the Transaction and to authorise the creation and allotment of the Consideration Shares;

### **Admission of the new Shares in the Company**

- (b) the Listing Committee of the Exchange granting the listing of, and permission to deal in, the Consideration Shares;

### **Notifications, waiting periods and Authorisations**

- (c) other than in relation to the matters referred to in conditions 3(a) and (b), all notifications, filings or applications which are necessary or considered appropriate or desirable by the Company (acting reasonably) having been made in connection with the Transaction and all necessary waiting periods and other time periods (including any extensions thereof) under any applicable legislation or regulation of any jurisdiction having expired, lapsed or been terminated (as appropriate) and all statutory and regulatory obligations in any jurisdiction having been complied with in each case in respect of the Transaction and all Authorisations deemed reasonably necessary or appropriate by the Company in any jurisdiction for or in respect of the Transaction and, except pursuant to Chapter 3 of Part 28 of the Companies Act, the acquisition or the proposed acquisition of any shares or other securities in, or control or management of, Plethora or any other member of the Wider Plethora Group by any member of the Wider Regent Pacific Group having been obtained in terms and in a form reasonably satisfactory to the Company from all appropriate Third Parties or (without prejudice to the generality of the foregoing) from any person or bodies with whom any member of the Wider Plethora Group or the Wider Regent Pacific Group has entered into contractual arrangements and all such Authorisations necessary, appropriate or desirable to carry on the business of any member of the Wider Plethora Group in any jurisdiction having been obtained and all such Authorisations remaining in full force and effect at the time at which the Transaction becomes otherwise unconditional in all respects and there being no notice or intimation of an intention to revoke, suspend, restrict, modify or not to renew such Authorisations;

### **General antitrust and regulatory**

- (d) other than in relation to the matters referred to in Conditions 3(b) and 3(c), no antitrust regulator or Third Party having given notice of a decision to take, institute, implement or threaten any action, proceeding, suit, investigation, enquiry or reference (and in each case,

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**APPENDIX I                    CONDITIONS AND FURTHER TERMS OF THE TRANSACTION**

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not having withdrawn the same), or having required any action to be taken or otherwise having done anything, or having enacted, made or proposed any statute, regulation, decision, order or change to published practice (and in each case, not having withdrawn the same) and there not continuing to be outstanding any statute, regulation, decision or order which would or might reasonably be expected to:

- (i) require, prevent or materially delay the divestiture or materially alter the terms envisaged for such divestiture by any member of the Wider Regent Pacific Group or by any member of the Wider Plethora Group of all or any part of its businesses, assets or property or impose any limitation on the ability of all or any of them to conduct their businesses (or any part thereof) or to own, control or manage any of their assets or properties (or any part thereof);
- (ii) except pursuant to Chapter 3 of Part 28 of the Companies Act, require any member of the Wider Regent Pacific Group or the Wider Plethora Group to acquire or offer to acquire any shares, other securities (or the equivalent) or interest in any member of the Wider Plethora Group or any asset owned by any Third Party (other than in the implementation of the Transaction);
- (iii) impose any material limitation on, or result in a material delay in, the ability of any member of the Wider Regent Pacific Group directly or indirectly to acquire, hold or to exercise effectively all or any rights of ownership in respect of shares or other securities in Plethora (or any member of the Wider Plethora Group) or on the ability of any member of the Wider Plethora Group or any member of the Wider Regent Pacific Group directly or indirectly to hold or exercise effectively all or any rights of ownership in respect of shares or other securities (or the equivalent) in, or to exercise voting or management control over, any member of the Wider Plethora Group;
- (iv) otherwise adversely affect any or all of the business, assets, profits or prospects of any member of the Wider Plethora Group or any member of the Wider Regent Pacific Group;
- (v) result in any member of the Wider Plethora Group or any member of the Wider Regent Pacific Group ceasing to be able to carry on business under any name under which it presently carries on business to an extent which is material in the context of the Wider Plethora Group taken as a whole or the Wider Regent Pacific Group taken as a whole in the context of the Transaction (as the case may be);
- (vi) make the Transaction, its implementation or the acquisition or proposed acquisition of any shares or other securities in, or control or management of, Plethora by any member of the Wider Regent Pacific Group void, unenforceable and/or illegal under the laws of any relevant jurisdiction, or otherwise, directly or indirectly prevent or prohibit, restrict, restrain, or delay or otherwise interfere with the implementation of, or impose additional material conditions or obligations with respect to, or otherwise

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**APPENDIX I                    CONDITIONS AND FURTHER TERMS OF THE TRANSACTION**

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materially challenge, impede, interfere or require material amendment of the Transaction or the acquisition or proposed acquisition of any shares or other securities in, or control or management of, Plethora by any member of the Wider Regent Pacific Group;

- (vii) require, prevent or materially delay a divestiture by any member of the Wider Regent Pacific Group of any shares or other securities (or the equivalent) in any member of the Wider Plethora Group or any member of the Wider Regent Pacific Group;
- (viii) impose any limitation on the ability of any member of the Wider Regent Pacific Group or any member of the Wider Plethora Group to conduct, integrate or co ordinate all or any part of their respective businesses with all or any part of the business of any other member of the Wider Regent Pacific Group and/or the Wider Plethora Group in a manner which is materially adverse to the Wider Regent Pacific Group and/or the Wider Plethora Group, in either case, taken as a whole or in the context of the Transaction; or
- (ix) impose any limitation on the ability of any member of the Wider Regent Pacific Group of any member of the Wider Plethora Group to conduct, integrate or co-ordinate all or any part of its business with all or any part of the business of any other member of the Wider Regent Pacific Group and/or the Wider Plethora Group in each case in a manner which is adverse to and material in the context of the Wider Regent Pacific Group taken as a whole or of the obligations of any members of the Wider Plethora Group taken as a whole or in the context of the Transaction,

and all applicable waiting and other time periods (including any extensions thereof) during which any such antitrust regulator or Third Party could decide to take, institute, implement or threaten any such action, proceeding, suit, investigation, enquiry or reference or take any other step under the laws of any jurisdiction in respect of the Transaction or the acquisition or proposed acquisition of any Plethora Shares or otherwise intervene having expired, lapsed or been terminated;

**Certain matters arising as a result of any arrangement, agreement, etc.**

- (e) except as Disclosed, there being no provision of any arrangement, agreement, lease, licence, franchise, permit or other instrument to which any member of the Wider Plethora Group is a party or by or to which any such member or any of its assets is or may be bound, entitled or be subject or any event or circumstance which, as a consequence of the Transaction or the acquisition or the proposed acquisition by any member of the Wider Regent Pacific Group of any shares or other securities (or the equivalent) in Plethora or because of a change in the control or management of any member of the Wider Plethora Group or otherwise, could or might reasonably be expect to result in:
  - (i) any monies borrowed by, or any other indebtedness, actual or contingent, of, or any grant available to, any member of the Wider Plethora Group being or becoming



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repayable, or capable of being declared repayable, immediately or prior to its or their stated maturity date or repayment date, or the ability of any such member to borrow monies or incur any indebtedness being withdrawn or inhibited or being capable of becoming or being withdrawn or inhibited;

- (ii) the creation or enforcement of any mortgage, charge or other security interest over the whole or any part of the business, property or assets of any member of the Wider Plethora Group or any such mortgage, charge or other security interest (whenever created, arising or having arisen) becoming enforceable;
- (iii) any such arrangement, agreement, lease, licence, franchise, permit or other instrument being terminated or the rights, liabilities, obligations or interests of any member of the Wider Plethora Group being adversely modified or adversely affected or any obligation or liability arising or any adverse action being taken or arising thereunder;
- (iv) any assets or interests of, or any asset the use of which is enjoyed by, any member of the Wider Plethora Group being or falling to be disposed of or charged or any right arising under which any such asset or interest could be required to be disposed of or charged or could cease to be available to any member of the Wider Plethora Group otherwise than in the ordinary course of business;
- (v) any liability of any member of the Wider Plethora Group to make any severance, termination, bonus or other payment to any of its directors, or other officers;
- (vi) the rights, liabilities, obligations, interests or business of any member of the Wider Plethora Group or any member of the Wider Regent Pacific Group under any such arrangement, agreement, licence, permit, lease or instrument or the interests or business of any member of the Wider Plethora Group or any member of the Wider Regent Pacific Group in or with any other person or body or firm or company (or any arrangement or arrangement relating to any such interests or business) being or becoming capable of being terminated, or adversely modified or affected or any onerous obligation or liability arising or any adverse action being taken thereunder;
- (vii) any member of the Wider Plethora Group ceasing to be able to carry on business under any name under which it presently carries on business;
- (viii) the business, assets, value, financial or trading position, profits, operational performance or prospects of, any member of the Wider Plethora Group being prejudiced or adversely affected; or
- (ix) the creation or acceleration of any liability (actual or contingent) by any member of the Wider Plethora Group other than trade creditors or other liabilities incurred in the ordinary course of business,

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## APPENDIX I            CONDITIONS AND FURTHER TERMS OF THE TRANSACTION

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and no event having occurred which, under any provision of any arrangement, agreement, licence, permit, franchise, lease or other instrument to which any member of the Wider Plethora Group is a party or by or to which any such member or any of its assets are bound, entitled or subject, would or might result in any of the events or circumstances as are referred to in conditions (e)(i) to (ix);

### **Certain events occurring since 31 December 2014**

- (f) except as Disclosed, no member of the Wider Plethora Group having since 31 December 2014:
- (i) issued or agreed to issue or authorised or proposed or announced its intention to authorise or propose the issue, of additional shares of any class, or securities or securities convertible into, or exchangeable for, or rights, warrants or options to subscribe for or acquire, any such shares, securities or convertible securities or transferred or sold or agreed to transfer or sell or authorised or proposed the transfer or sale of Plethora Shares out of treasury (except, where relevant, as between Plethora and wholly owned subsidiaries of Plethora or between the wholly owned subsidiaries of Plethora and except for the issue or transfer out of treasury of Plethora Shares on the exercise of employee share options or vesting of employee share awards in the ordinary course under the Plethora LTIP);
  - (ii) recommended, declared, paid or made or proposed to recommend, declare, pay or make any bonus, dividend or other distribution (whether payable in cash or otherwise) other than dividends (or other distributions whether payable in cash or otherwise) lawfully paid or made by any wholly owned subsidiary of Plethora to Plethora or any of its wholly owned subsidiaries;
  - (iii) other than pursuant to the Transaction (and except for transactions between Plethora and its wholly owned subsidiaries or between the wholly owned subsidiaries of Plethora and transactions in the ordinary course of business) implemented, effected, authorised or proposed or announced its intention to implement, effect, authorise or propose any merger, demerger, reconstruction, amalgamation, scheme, commitment or acquisition or disposal of assets or shares or loan capital (or the equivalent thereof) in any undertaking or undertakings in any such case to an extent which is material in the context of the Wider Plethora Group taken as a whole;
  - (iv) except for transactions between Plethora and its wholly owned subsidiaries or between the wholly owned subsidiaries of Plethora, disposed of, or transferred, mortgaged or created any security interest over any material asset or any right, title or interest in any material asset or authorised, proposed or announced any intention to do so;
  - (v) except for transactions between Plethora and its wholly owned subsidiaries or between the wholly owned subsidiaries of Plethora, issued, authorised or proposed or announced an intention to authorise or propose, the issue of or made any change in or

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**APPENDIX I            CONDITIONS AND FURTHER TERMS OF THE TRANSACTION**

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to the terms of any debentures or become subject to any contingent liability or incurred or increased any indebtedness which is material in the context of the Wider Plethora Group as a whole or the Wider Regent Pacific Group as a whole or in the context of the Transaction;

- (vi) entered into or varied or authorised, proposed or announced its intention to enter into or vary any contract, arrangement, agreement, transaction or commitment (whether in respect of capital expenditure or otherwise) which is of a long term, unusual or onerous nature or magnitude or which is or which involves or could involve an obligation of a nature or magnitude which is reasonably likely to be materially restrictive on the business of any member of the Wider Plethora Group which, taken together with any other such material transaction, arrangement, agreement, contract or commitment, is material in the context of the Wider Plethora Group as a whole or the Wider Regent Pacific Group as a whole or in the context of the Transaction;
- (vii) entered into or varied the terms of, or made any offer (which remains open for acceptance) to enter into or vary the terms of any contract, service agreement, commitment or arrangement with any director or, except for salary increases, bonuses or variations of terms in the ordinary course of business, senior executive of any member of the Wider Plethora Group;
- (viii) proposed, agreed to provide or modified the terms of any share option scheme, incentive scheme or other benefit relating to the employment or termination of employment of any employee of the Wider Plethora Group which are material in the context of the Wider Plethora Group taken as a whole;
- (ix) purchased, redeemed or repaid or announced any proposal to purchase, redeem or repay any of its own shares or other securities or reduced or, except in respect of the matters mentioned in sub-paragraph (i) above, made any other change to any part of its share capital;
- (x) except in the ordinary course of business, waived, compromised or settled any claim which is material in the context of the Wider Plethora Group as a whole;
- (xi) terminated or varied the terms of any agreement or arrangement between any member of the Wider Plethora Group and any other person in a manner which would or might reasonably be expected to have a material adverse effect on the financial position of the Wider Plethora Group taken as a whole;
- (xii) made any alteration to its memorandum or articles of association or other incorporation documents;

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**APPENDIX I            CONDITIONS AND FURTHER TERMS OF THE TRANSACTION**

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(xiii) except in relation to changes made or agreed as a result of, or arising from, changes to legislation, made or agreed or consented to any significant change to:

- (a) the terms of the trust deeds and rules constituting the pension scheme(s) established by any member of the Wider Plethora Group for its directors, employees or their dependants;
- (b) the contributions payable to any such scheme(s) or to the benefits which accrue, or to the pensions which are payable, thereunder;
- (c) the basis on which qualification for, or accrual or entitlement to, such benefits or pensions are calculated or determined; or
- (d) the basis upon which the liabilities (including pensions) of such pension schemes are funded, valued, made, agreed or consented to,

to an extent which is in any such case material in the context of the Wider Plethora Group;

(xiv) been unable, or admitted in writing that it is unable, to pay its debts or commenced negotiations with one or more of its creditors with a view to rescheduling or restructuring any of its indebtedness, or having stopped or suspended (or threatened to stop or suspend) payment of its debts generally or ceased or threatened to cease carrying on all or a substantial part of its business which is material in the context of the Wider Plethora Group taken as a whole;

(xv) taken or proposed any steps or corporate action or had any legal proceedings instituted or threatened against it in relation to the suspension of payments, a moratorium of any indebtedness, its winding-up (voluntary or otherwise), dissolution, reorganisation or for the appointment of a receiver, administrator, manager, administrative receiver, trustee or similar officer of all or any part of its assets or revenues or any analogous or equivalent steps or proceedings in any jurisdiction or appointed any analogous person in any jurisdiction or had any such person appointed;

(xvi) (except for transactions between Plethora and its wholly owned subsidiaries or between the wholly owned subsidiaries), made, authorised, proposed or announced an intention to propose any change in its loan capital;

(xvii) entered into, implemented or effected, or authorised, proposed or announced its intention to implement or effect, any joint venture, asset or profit sharing arrangement, partnership, composition, assignment, reconstruction, amalgamation, commitment, scheme, merger of business or corporate entities or other transaction or arrangement (other than the Transaction) which is material in the context of the Wider Plethora Group as a whole or the Wider Regent Pacific Group as a whole or in the context of the Transaction (as the case may be);

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## APPENDIX I            CONDITIONS AND FURTHER TERMS OF THE TRANSACTION

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- (xviii) entered into any agreement, arrangement, commitment or contract or passed any resolution or made any offer (which remains open for acceptance) with respect to or announced an intention to, or to propose to, effect any of the transactions, matters or events referred to in this condition (h);
- (xix) terminated or varied the terms of any agreement or arrangement between any member of the Wider Plethora Group and any other person in a manner which would or might be expected to have a material adverse effect on the financial position of the Wider Plethora Group taken as a whole; or
- (xx) having taken (or agreed or proposed to take) any action which requires, or would require, the consent of the UK Takeover Panel or the approval of Plethora Shareholders in general meeting in accordance with, or as contemplated by, Rule 21.1 of the UK Takeover Code;

### **No adverse change, litigation, regulatory enquiry or similar**

- (g) except as Disclosed, since 31 December 2014 there having been:
  - (i) no adverse change and no circumstance having arisen which would or might be expected to result in any adverse change or deterioration in, the business, assets, financial or trading position or profits or prospects or operational performance of any member of the Wider Plethora Group which is material in the context of the Wider Plethora Group;
  - (ii) no litigation, arbitration proceedings, prosecution or other legal proceedings having been threatened, announced or instituted by or against or remaining outstanding against or in respect of, any member of the Wider Plethora Group or to which any member of the Wider Plethora Group is or may become a party (whether as claimant, defendant or otherwise) having been threatened, announced, instituted or remaining outstanding by, against or in respect of, any member of the Wider Plethora Group, in each case which might reasonably be expected to have a material adverse effect on the Wider Plethora Group taken as a whole;
  - (iii) no enquiry, review or investigation by, or complaint or reference to, any Third Party against or in respect of any member of the Wider Plethora Group having been threatened, announced or instituted or remaining outstanding by, against or in respect of any member of the Wider Plethora Group, in each case which might reasonably be expected to have a material adverse effect on the Wider Plethora Group taken as a whole;
  - (iv) no contingent or other liability having arisen or become apparent to the Company or increased other than in the ordinary course of business which is reasonably likely to affect adversely the business, assets, financial or trading position or profits or prospects of any member of the Wider Plethora Group to an extent which is material in the context of the Wider Plethora Group taken as a whole; and

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**APPENDIX I                    CONDITIONS AND FURTHER TERMS OF THE TRANSACTION**

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- (v) no steps having been taken and no omissions having been made which are likely to result in the withdrawal, cancellation, termination or modification of any licence held by any member of the Wider Plethora Group which is necessary for the proper carrying on of its business and the withdrawal, cancellation, termination or modification of which might reasonably be expected to have a material adverse effect on the Wider Plethora Group taken as a whole or in the context of the Transaction (as the case may be); and

**No discovery of certain matters regarding information, liabilities and environmental issues**

- (h) except as Disclosed, the Company not having discovered:
  - (i) that any financial, business or other information concerning the Wider Plethora Group publicly announced prior to the date of the Firm Offer Announcement or disclosed at any time to any member of the Wider Regent Pacific Group by or on behalf of any member of the Wider Plethora Group prior to the date of the Firm Offer Announcement is misleading, contains a material misrepresentation of any fact, or omits to state a fact necessary to make that information not misleading, in any such case to a material extent;
  - (ii) that any member of the Wider Plethora Group subject to any liability, contingent or otherwise and which is material in the context of the Wider Plethora Group taken as a whole or in the context of the Transaction;
  - (iii) that, in relation to the use, treatment, storage, carriage, any release, emission, accumulation, discharge, disposal of any waste or substance or other fact or circumstance which has impaired or is likely to impair the environment (including property) or harmed or is likely to harm the health of humans, animals or other living organisms or eco systems or otherwise relating to environmental matters of the health and safety of humans, no past or present member of the Wider Plethora Group, to an extent which is material in the context of the Wider Plethora Group taken as a whole or the Wider Regent Pacific Group taken as a whole or in the context of the Transaction (A) having committed any violation of any applicable laws, statutes, regulations, Authorisations, notices or other requirements of any Third Party; and/or (B) having incurred any liability (whether actual or contingent) to any Third Party; and/or (C) being likely to incur any liability (whether actual or contingent, including contribution to costs or indemnification liabilities), or being required, to make good, remediate, repair, reinstate or clean up the environment (including any property, assets or any controlled waters currently or previously owned, occupied, operated or made use of or controlled by any past or present member of the Wider Plethora Group (or on its behalf), or in which any such member may have or previously have had or be deemed to have had an interest); or
  - (iv) that circumstances exist (whether as a result of the Transaction or otherwise) which would be reasonably likely to lead to any Third Party instituting (or whereby any

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**APPENDIX I                      CONDITIONS AND FURTHER TERMS OF THE TRANSACTION**

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member of the Wider Plethora Group would be likely to be required to institute), an environment audit or take any steps which would in any such case be reasonably likely to result in any actual or contingent liability to improve or install new plant or equipment or to make good, repair, reinstate or clean up any property of any description or any asset now or previously owned, occupied or made use of by any past or present member of the Wider Plethora Group (or on its behalf) or by any person for which a member of the Wider Plethora Group is or has been responsible, or in which any such member may have or previously have had or be deemed to have had an interest, which is material in the context of the Wider Plethora Group taken as a whole;

**Anti-corruption**

- (v) any member of the Wider Plethora Group or any person that performs or has performed services for or on behalf of any such company is or has engaged in any activity, practice or conduct which would constitute an offence under the Bribery Act 2010, the US Foreign Corrupt Practices Act of 1977 or any other applicable anti-corruption legislation;
- (vi) any member of the Wider Plethora Group is ineligible to be awarded any contract or business under section 23 of the Public Contracts Regulations 2006 or section 26 of the Utilities Contracts Regulations (2006) (each as amended); or
- (vii) any past or present member of the Wider Plethora Group has engaged in any activity or business with, or made any investments in, or made any payments to any government, entity or individual covered by any of the economic sanctions administered by the United Nations or the European Union (or any of their respective member states) or the United States Office of Foreign Assets Control or any other governments or supranational body or authority in any jurisdiction; or

**No criminal property**

- (viii) any asset of any member of the Wider Plethora Group constitutes criminal property as defined by section 340(3) of the Proceeds of Crime Act 2002 (but disregarding paragraph (b) of that definition).

**Part B: Certain further terms of the Transaction**

- 1 Subject to the requirements of the UK Takeover Panel in accordance with the UK Takeover Code, the Company reserves the right to waive:
  - (i) any of the conditions set out in the above condition 2 for the timing of the Plethora Court Meeting, Plethora General Meeting and the Scheme Court Hearing to approve the Scheme. If any such deadline is not met, the Company will make an announcement by 8:00 a.m. (London time) on the Business Day following such deadline confirming whether it has invoked or waived the relevant condition or agreed with Plethora to extend the deadline in relation to the relevant condition; and

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## APPENDIX I            CONDITIONS AND FURTHER TERMS OF THE TRANSACTION

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- (ii) in whole or in part, all or any of the above conditions 3(a) to (h) (inclusive).
- 2 The Transaction will lapse if the Scheme does not become Effective by 11:59 p.m. (London time) on 30 September 2016 (or such later date as may be agreed between the Company and Plethora).
- 3 If the Company is required by the UK Takeover Panel to make an offer for Plethora Shares under the provisions of Rule 9 of the UK Takeover Code, the Company may make such alterations to any of the above conditions and terms of the Transaction as are necessary to comply with the provisions of that Rule.
- 4 The Company will be under no obligation to waive (if capable of waiver), to determine to be or remain satisfied or to treat as fulfilled any of conditions 3(a) to (h) (inclusive) by a date earlier than the latest date for the fulfilment of that condition notwithstanding that the other conditions of the Transaction may at such earlier date have been waived or fulfilled and that there are at such earlier date no circumstances indicating that any of such conditions may not be capable of fulfilment.

The Company reserves the right to elect to implement the acquisition of the entire issued and to be issued ordinary share capital of Plethora by way of a takeover offer (as such term is defined in section 974 of the Companies Act, “Offer”). In such event, the Offer will be implemented on substantially the same terms as those which would apply to the Scheme (subject to appropriate amendments, including (without limitation, and if agreed with the UK Takeover Panel) the inclusion of an acceptance condition set at 90 per cent. of the shares to which such Offer relates or such lesser percentage, being more than 50 per cent., as the Company may decide).

Further, if sufficient acceptances of such Offer are received and/or sufficient Plethora Shares are otherwise acquired, it is the intention of the Company to apply the provisions of the Companies Act to acquire compulsorily any outstanding Plethora Shares to which such Offer relates.

- 5 In the event that the Transaction is implemented by way of an Offer, the Plethora Shares acquired under the offer will be acquired fully paid and free from all liens, equities, charges, encumbrances, options, rights of pre-emption and any other third party rights and interests of any nature and together with all rights now or hereafter attaching or accruing to them, including voting rights and the right to receive and retain in full all dividends and other distributions (if any) declared, made or paid on or after the Latest Practicable Date.
- 6 If, after the Firm Offer Announcement but prior to the Effective Date, any dividend or other distribution is declared, paid or made or payable by Plethora (a “**relevant distribution**”), the Company reserves the right (without prejudice to any right of the Company), with the consent of the UK Takeover Panel, to invoke condition 3(g)(ii) above) to reduce the Exchange Ratio to reflect the aggregate amount of such dividend or distribution. Furthermore, the Company reserves the right to reduce the Exchange Ratio in such circumstances as are, and by such amount as is, permitted by the UK Takeover Panel.

If any such dividend or distribution occurs, any reference in this circular to the Exchange Ratio will be deemed to be a reference to the Exchange Ratio as so reduced. If such reduction occurs,



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## APPENDIX I      CONDITIONS AND FURTHER TERMS OF THE TRANSACTION

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notwithstanding the terms on which the Plethora Shares are expressed to be acquired by the Company pursuant to the Transaction in Appendix I, the Plethora Shares will be acquired by or on behalf of the Company pursuant to the Transaction fully paid and free from all liens, equities, charges, encumbrances, options, rights of pre-emption and any other third party rights and interests of any nature and together with all rights now and hereafter attaching to such shares including the right to receive in full all dividends and other distributions (if any) declared, paid or made on or after the date of the Firm Offer Announcement.

To the extent that such a dividend, distribution or payment has been declared, paid, made or is payable is or will be: (i) transferred pursuant to the Transaction on a basis which entitles the Company to receive the dividend, distribution or payment and to retain it; or (ii) cancelled, the Exchange Ratio will not be subject to change in accordance with this paragraph.

Any exercise by the Company of its rights referred to in this paragraph will be the subject of an announcement and, for the avoidance of doubt, will not be regarded as constituting any revision or variation of the Transaction.

- 7 The Transaction shall lapse (unless otherwise agreed with the UK Takeover Panel) if:
- (a) in so far as the Transaction or any matter arising from the Scheme or Transaction constitutes a concentration with a Community dimension within the scope of the Regulation, the European Commission either initiates proceedings under Article 6(1)(c) of the Regulation or makes a referral to a competent authority of the United Kingdom under Article 9(1) of the Regulation and there is then a CMA Phase 2 Reference; or
  - (b) in so far as the Transaction or any matter arising from the Scheme or Transaction does not constitute a concentration with a Community dimension within the scope of the Regulation, the Scheme or Transaction or any matter arising from or relating to the Transaction becomes subject to a CMA Phase 2 Reference,

in each case, before the date of the Plethora Court Meeting.

- 8 The availability of the Transaction to persons not resident in the United Kingdom may be affected by the laws of the relevant jurisdictions. Persons who are not resident in the United Kingdom should inform themselves about and observe any applicable requirements.
- 9 The Consideration Shares to be issued pursuant to the Transaction have not been and will not be registered under the US Securities Act of 1933. Accordingly, the Consideration Shares may not be offered, sold or delivered, directly or indirectly, in the United States, except pursuant to exemptions from applicable requirements of any such jurisdiction.
- 10 The Transaction is not being made, directly or indirectly, in, into or from, or by use of the mails of, or by any means of instrumentality (including, but not limited to, facsimile, e-mail or other electronic transmission, telex or telephone) of interstate or foreign commerce of, or of any facility of a national, state or other securities exchange of, any jurisdiction where to do so would violate the laws of that jurisdiction.

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**APPENDIX I            CONDITIONS AND FURTHER TERMS OF THE TRANSACTION**

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- 11 The Transaction is governed by the law of England and Wales and is subject to the jurisdiction of the English courts and to the conditions and further terms set out in this Appendix I and in the Scheme Document. The Transaction is subject to the applicable requirements of the UK Takeover Code, the AIM Rules, the Exchange Rules, the UK Takeover Panel, the London Stock Exchange, the Exchange, the Financial Conduct Authority and the Securities and Futures Commission of Hong Kong.
  
- 12 The Consideration Shares will be issued credited as fully paid and will rank *pari passu* in all aspects with the existing Shares of the Company.
  
- 13 Each of the conditions will be regarded as a separate condition and will not be limited by reference to any other condition.

**1 Sources of information and bases of calculation**

- 1.1 The value attributed to the existing issued ordinary share capital of Plethora is based upon the 823,297,686 Plethora Shares in issue at the close of business on the Latest Practicable Date. The International Securities Identification Number for Plethora Shares is GB00B06GL868. References to a percentage of Plethora Shares is based on the number of Plethora Shares in issue as set out above.
- 1.2 As at close of business on the Latest Practicable Date, the issued ordinary share capital of the Company comprised 3,485,730,523 Shares. The International Securities Identification Number for Shares is KYG7478U1040.
- 1.3 Unless otherwise stated, the financial information relating to the Plethora Group has been extracted or derived (without material adjustment) from the audited annual report and accounts for Plethora for the year ended 31 December 2014 and Plethora's announcement dated 28 August 2015 of its interim results for the six months ended 30 June 2015 (which are unaudited).
- 1.4 Unless otherwise stated, the financial information relating to the Company has been extracted or derived (without material adjustment) from the audited annual report and accounts for the Company for the year ended 31 December 2014 and the Company's announcement dated 28 August 2015 of its interim results for the six months ended 30 June 2015 (which are unaudited).
- 1.5 All Closing Prices for Share prices are determined by taking the median of 5 nominal prices in the last minute of the continuous trading session under the Hong Kong Stock Exchange and represent the Closing Prices on the relevant date.
- 1.6 All Closing Prices for Plethora Shares are closing middle market quotations derived from the AIM Appendix of the Daily Official List and represent the Closing Prices on the relevant date.
- 1.7 Unless the context otherwise requires, all share prices expressed in pence have been rounded to the nearest three decimal places and all percentages have been rounded to one decimal place.
- 1.8 The value of the Transaction is calculated by multiplying:
- (A) either: (i) the price of HK\$0.095 (equivalent to £0.009) per Share, being the Closing Price on 3 November 2015 (being the last Business Day prior to the publication of the Possible Offer Announcement, which commenced the Offer Period; or (as the context permits)) or (ii) the price of HK\$0.069 (equivalent £0.006) per Share, being the Closing Price on 29 January 2016, being the Latest Practicable Date, in each case as also converted to Sterling at the exchange rate set out in paragraph 1.11 below; and
- (B) the fully diluted number of Plethora Shares in issue referred to in paragraph 1.10 below.

- 1.9 The number of Consideration Shares to be issued pursuant to the Scheme, being 14,047,113,239, is calculated by multiplying the Exchange Ratio of 15.7076 by the fully diluted number of Plethora Shares but excluding the 86,799,490 Plethora Shares held by the Company.
- 1.10 References in this document to the fully diluted share capital of Plethora or the fully diluted number of Plethora Shares means 981,087,175 Plethora Shares, being the aggregate of: (i) 823,297,686 Plethora Shares in issue as at close of business on 29 January 2016, being the Latest Practicable Date, and (ii) 54,200,000 Plethora Shares to be issued pursuant to awards under the Plethora LTIP and 103,589,489 Plethora Shares to be issued under the Plethora Convertible Instruments (excluding the Fundraising Warrants, which, as at 29 January 2016, being the Latest Practicable Date, were ‘out-of-the-money’). This calculation assumes that: (i) no options under the Plethora Option Scheme are exercised (which, as at 29 January 2016, being the Latest Practicable Date, were “out-of-the-money”); and (ii) there are no other issues of Plethora Shares or Shares (including under the Share Option Scheme (2002)) between the Latest Practicable Date and the Effective Date.
- 1.11 Unless otherwise stated, the £/HK\$, £/US\$, A\$/US\$, A\$/£, A\$/HK\$ and US\$/HK\$ exchange rates used are the rates displayed on Bloomberg of 0.0905, 1.4182, 0.7070, 2.0059, 0.1816 and 0.1284 respectively as at 5:00 p.m. (London time) on 29 January 2016, being the Latest Practicable Date.
- 1.12 Certain figures included in this circular have been subject to rounding adjustments.

## **2 Transaction-related fees and expenses**

- 2.1 The aggregate fees and expenses which are expected to be incurred by the Company in connection with the Transaction are estimated to amount to £1.53 million (or approximately US\$2.17 million or HK\$16.90 million) plus applicable VAT. This aggregate number consists of the following categories:
- 2.1.1 financial advice: £0.15 million to £0.45 million plus VAT, if applicable<sup>(1)</sup>;
- 2.1.2 Hong Kong independent financial adviser: £0.04 million to £0.05 million<sup>(1)</sup>;
- 2.1.3 legal advice: £0.65 million plus applicable VAT, if applicable<sup>(2)</sup>;
- 2.1.4 accounting advice: £0.10 million;
- 2.1.5 public relations advice: £0.07 million plus VAT, if applicable; and
- 2.1.6 other professional costs and expenses: £0.21 million plus VAT, if applicable.

### *Notes:*

- (1) The variable component of these fees will be dependent upon the successful completion of the Transaction.

(2) These services are charged by reference to the hourly or daily rates. Amounts included above reflect time incurred up to the Latest Practicable Date and an estimate of further time required.

2.2 The aggregate fees and expenses which are expected to be incurred by Plethora in connection with the Transaction are estimated to amount to £0.58 million (or approximately US\$0.82 million or HK\$6.41 million) plus VAT, if applicable. This aggregate number consists of the following categories:

2.2.1 financial advice: £0.18 million to £0.35 million plus VAT, if applicable<sup>(1)</sup>;

2.2.2 legal advice: £0.18 million plus VAT, if applicable<sup>(2)</sup>;

2.2.3 other professional costs and expenses: £0.05 million plus VAT, if applicable.

*Notes:*

(1) The variable component of these fees will be dependent upon the successful completion of the Transaction.

(2) These services are charged by reference to the hourly or daily rates. Amounts included above reflect time incurred up to the Latest Practicable Date and an estimate of further time required.

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**APPENDIX III      IRREVOCABLE UNDERTAKINGS AND LETTERS OF INTENT**

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**Independent Plethora Director's Irrevocable Undertaking**

<b>Name of Plethora Director</b>	<b>Number of Plethora Shares in respect of which undertaking is given</b>	<b>Percentage of Plethora issued share capital as of the Latest Practicable Date</b>
Michael G Wyllie	1,759,127	0.21

Michael G Wyllie has irrevocably undertaken to the Company that he will exercise or abstain from exercising, or where applicable, procure the exercise of or the abstention from, all votes (whether on a show of hands or a poll or whether in person or by proxy) in relation to the 1,759,127 Plethora Shares held by him (together with any Plethora Shares issued after the date of the undertaking and attributable to or derived from such shares) at the Court Meeting and the Plethora General Meeting (in each case including any adjournment thereof) in favour of the Scheme.

This irrevocable undertaking ceases to be binding if the Scheme (or Offer, as applicable) does not become Effective or lapses in accordance with its terms.

**Other Plethora Shareholders***Letters of intent*

<b>Name of Plethora Shareholder giving letter of intent</b>	<b>Number of Plethora Shares in respect of which letter of intent is given</b>	<b>Percentage of Plethora issued share capital as of the Latest Practicable Date</b>
Forest Nominees Limited (being the nominee company of Canaccord Genuity Wealth (International) Ltd)	71,804,175	8.72
W B Nominees Limited (being the nominee company of Walker Crips Stockbrokers Limited)	13,848,458	1.68

The letters of intent from Forest Nominees Limited and W B Nominees Limited were provided on the basis of the terms (including the exchange ratio) set out in the Possible Offer Announcement.

W B Nominees Limited has given its letter of intent in respect of discretionary clients. W B Nominees Limited has confirmed that it is its current intention to cast, or procure the casting of, all votes (whether on a show of hands or a poll and whether in person or by proxy) in respect of the Plethora Shares it held at the time its letter of intent was provided and any other Plethora Shares of which it may hereafter become the registered owner, beneficial owner or in which it may become interested at any court meeting, general meeting or class meeting in connection with the Transaction to enable the Transaction to become Effective.

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**APPENDIX III      IRREVOCABLE UNDERTAKINGS AND LETTERS OF INTENT**

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Forest Nominees Limited has provided its letter of intent in respect of shares it holds on behalf of controllers or beneficial owners (set out in the table below) (the “**Controllers**”) who have confirmed to Canaccord Genuity Wealth (International) Ltd that the letter of intent can be given. Forest Nominees Limited has confirmed that it is its and the Controllers’ current intention to cast, or procure the casting of, all votes (whether on a show of hands or a poll and whether in person or by proxy) in respect of 71,804,175 Plethora Shares it held at the time its letter of intent was provided at any court meeting, general meeting or class meeting in connection with the Transaction to enable the Transaction to become Effective.

<b>Name of Controller:</b>	<b>Number of Plethora Shares:</b>
Mr S Glover, his family and the connected Bay Holdings (Jersey) Limited and Stonewall Holdings Limited	3,640,000
Andre de Gruchy and the connected Delphinus Pension Fund Limited	30,000
Peter Watts and the connected Fernwood Court Limited	165,000
H H & Mrs E M Vernon	400,000
Miss S D Ballard	6,500
Mr A Simon & Mrs C A. Simon	50,000
Mr G Moustras	500,000
Mr G P Lovett	400,000
Mr I P Jones	800,000
Mr I R & Mrs L B Mackenzie	35,000
Mr J G Swaisland	40,000
Mr J Tracey	22,500
Mr M Hockey	15,000
Mr M J Newby	12,000,000
Mr M and Mrs C Gurney	146,000
Mr P & Mrs J L Lockwood	1,600
Mr P A & Mrs A Stone	200,000
Mr R I & Mrs A Steven	210,000
Mr W English	30,000
Mr W K S Lamond	22,000
Mrs C F Duncan	25,000
Mrs C Jackson	5,000
Mrs D P Lamond	62,500
Mrs L E Barr	180,000
Mrs L M and Mr S W Vidamour	15,000
Mrs L Vidamour	6,500
Mrs P J Carson & Mrs N K Davidson	20,000
Mrs P Stuart	50,000
Mrs S E Le Prevost	50,000
Ms S Carr	80,000
R & Mrs L J Wastenev	40,000
Mr R & Mrs P Dean and the connected Southdown Holdings Limited	48,806,575
Spencer Bourne and the connected Spencer Holdings Limited Ref: 70602	3,000,000
Mr Martin Henry	750,000

## 1. INDEBTEDNESS OF THE ENLARGED GROUP

As at the close of business on 31 December 2015, being the Latest Practicable Date for the purpose of this indebtedness statement prior to the printing of this circular, apart from the intra-group liabilities:

- (a) The Enlarged Group (namely in respect of Plethora) had outstanding principal borrowings and accrued interest owing to James Mellon, Non-Executive Co-Chairman of the Company and non-executive Chairman of Plethora, amounting to GBP 340,000 and approximately of GBP 13,000 respectively, with the interest rate charged being 5% per annum payable quarterly in arrears in cash and to be repaid on 31 March 2020;
- (b) the Group did not have any material outstanding liabilities in the nature of borrowing of the Group including bank overdrafts and liabilities under acceptances (other than normal trade bills) or acceptance credits or hire purchase commitments; and
- (c) Material contingent liabilities and guarantees

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\$12.78 million, which excludes interest that has accrued on this amount since 2 December 2013 (which, as at 2 November 2015, was approximately A\$2.57 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 (the “**Assessment**”), which stated that the tax was due and payable on 2 December 2013 and provided that the Company could not remove from Australia or dispose of, deal with or diminish the value of its assets in Australia up to the unencumbered value of the amount assessed.

Following orders from the Federal Court of Australia, the Company has granted a specific security deed to the Commonwealth of Australia in respect of certain of the Company’s holding of 518,103,930 shares in Venturex Resources Limited, 10,854,568 shares in Bannerman Resources Limited and 12,700,000 shares in Tigers Realm Coal Limited, of which the aggregate market value (as at 31 December 2015) is approximately US\$2.39 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. The dispute is due to enter a formal dispute resolution process.



(d) Charge on the Group's assets

As noted immediately above and as previously disclosed, pursuant to the terms of the Specific Security Deed, the Company agreed to grant The Commonwealth of Australia, represented by the Commissioner of Taxation, a security against the Assessment in respect of certain of the Company's Australian investments, being 518,103,930 shares in Venturex Resources Limited, 10,854,568 shares in Bannerman Resources Limited and 12,700,000 shares in Tigers Realm Coal Limited, whose market values were A\$2.59 million (or approximately US\$1.89 million), A\$0.30 million (or approximately US\$0.22 million) and A\$0.38 million (or approximately US\$0.28 million) as at 31 December 2015 respectively, in consideration of the Commissioner of Taxation taking steps, which it has duly taken, 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 under applicable Australian law following the Final Determination of Objection (as defined in the announcement dated 18 April 2013).

## **2. SUFFICIENCY OF WORKING CAPITAL**

Taking into account the financial resources available to the Enlarged Group, including internally generated funds, cash, cash equivalents on hand, the available financial facilities and also the effect of the Transaction, the Directors are of the opinion that the Enlarged Group has sufficient working capital for its present requirements for at least the next 12 months from the date of this Circular, in the absence of unforeseeable circumstances.

## **3. FINANCIAL AND TRADING PROSPECTS OF THE GROUP**

The Company's strategic objective has been to pursue strategic and value-led investments in the healthcare and life sciences sectors. As part of its extensive review of possible investment opportunities in the healthcare and life sciences sectors, the Company has narrowed its immediate focus to Plethora and hence the Transaction.

The Company first invested in Plethora in October 2011 and, as at the Latest Practicable Date, holds 10.54 per cent. of Plethora's equity and James Mellon, Non-Executive Co-Chairman of the Company, directly and indirectly holds 18.87 per cent. In January 2014, Jamie Gibson, an Executive Director and Chief Executive Officer of the Company, took over as Executive Director and Chief Executive Officer of Plethora and has been instrumental in pushing forward the commercialisation of its lead prescription treatment for premature ejaculation, PSD502™, including the completion of the commercialisation agreement with Recordati covering Europe, Russia and the Commonwealth of Independent States, Turkey and certain countries in North Africa.

As such, the Transaction is a natural progression for the Company, to better fortify its position in and control of Plethora while, at the same time, strengthening its foothold in the healthcare and life sciences sectors.

The Transaction will allow the management team to focus on the successful commercialisation of PSD502™ as quickly as possible, in particular in the remaining key markets of the U.S., Latin America and Asia Pacific regions. The Company believes that Asia Pacific is likely to become a key

component to the eventual marketing and distribution strategy for PSD502™ and the Company's Hong Kong office will provide an excellent base from which to manage the controlled launch of the product following receipt of relevant regulatory approvals. PSD502™ is likely to be introduced in Europe initially, as it has already secured EMA approval.

A single aligned management team, with deep knowledge of the industry and product, will be created by the Transaction. Led by Jamie Gibson (currently Chief Executive Officer of both the Company and Plethora), the Enlarged Group will combine Plethora's scientific expertise, under Michael G Wyllie's leadership, with the Company's corporate, management and commercial skills.

The Company strongly supports Plethora's development strategy for PSD502™. Following the Scheme becoming Effective, the Enlarged Group's focus will continue to be on bringing PSD502™ to market through strategic commercial partners, not by itself, and therefore it is intended that the Enlarged Group will continue to outsource sales, marketing and distribution functions to selected partners to maximise the commercial potential of the product. This is a differentiating factor from traditional start-up companies in the pharmaceutical sector.

Following the Scheme becoming Effective, rather than operate a pharmaceutical company, the Company, through its subsidiary Plethora, will be managing economic rights and entitlements flowing from the sales of PSD502™ by strategic commercial partners (through licensing agreements). The Company and Plethora will not be manufacturing or marketing PSD502™, as these operational aspects have been and will continue to be completely outsourced to selected partners, and will instead be managing its investment by way of managing the flow of licensing and royalty payments that flow from sales. For these reasons, following the Transaction becoming Effective, the Company does not plan to make any fundamental changes to Plethora's business, and the existing business of the Company, being that of an investment company having its core focus on the health care and life sciences sectors, would continue unimpeded. Controlling Plethora will help the Company to better manage these rights and entitlements and is a sensible step to better protect, and create value from, its already significant investment in Plethora. Furthermore, the Company intends on maximising the utilisation of historic tax losses in Plethora Solutions Limited arising from its development activity and UK patent box tax relief.

The Plethora Board anticipates that Plethora will require significant further funds for its working capital requirements, including completing the existing development of PSD502™ and bringing the product to market. Following the recent completion of disposals of non-core assets, as at 31 December 2015, the Company had net cash and unpledged listed equity securities balance of US\$10 million (equivalent to £7.05 million or approximately HK\$77.88 million). The Board believes that this will assist Plethora, through Plethora Solutions Limited, with the commercialisation of PSD502™ in the medium term and will reduce the uncertainty for Plethora as to the availability of capital in this period.

Upon the Scheme becoming Effective, Plethora will become a direct wholly-owned subsidiary of the Company and the financial information of the Plethora Group will be consolidated into the consolidated financial statements of the Group. Based on the unaudited pro forma financial information of the Enlarged Group, as set out in Appendix VI to this circular, net assets recorded by the Group as at 30 June 2015 was approximately US\$49.19 million, the unaudited pro forma net assets of the Enlarged Group will be approximately US\$197.8 million after the Scheme becomes Effective.

Earlier in 2015, the Company disposed of a majority of its interest in Binary Holdings Limited, and, where possible and practicable, intends to sell its remaining non-healthcare and life sciences assets in the near future and focus all its attentions on its new healthcare and life sciences strategy.

Looking at the Group's existing and legacy investments in natural resources (which are non-core and are the focus of its existing divestment programme), energy related investments are continuing to suffer through a, well reported, weaker commodity price environment, although the Group's exposure to gold and other precious metals is currently reflecting renewed enthusiasm in the space, helped, in part, by ongoing uncertainty around global economic conditions. While China remains a major driver for commodities demand, improving economic conditions. While we expect commodity markets to remain volatile, we remain confident that on a fundamental basis, demand will be underpinned by urbanization of emerging and recovery of developed economies globally.

Unlike the Group's legacy investments in natural resources (which are non-core and are the focus of its divestment programme), fortunately, the Group's healthcare and life sciences investments, including its investment in Plethora, remain its core focus as evidenced by the Transaction and are far less sensitive to macroeconomic fundamentals and fluctuations. The Group remains excited about the prospects of these investments, including Plethora.

#### **4. MATERIAL ADVERSE CHANGE**

On 26 January 2016, the Company issued a trading update announcement to inform the Shareholders and potential investors that the Group is expected to record a loss attributable to the Shareholders for the year ended 31 December 2015 of US\$9 million (or approximately HK\$70.20 million), similar in quantum when compared to the loss attributable to the Shareholders of US\$8.56 million (or approximately HK\$66.77 million) for the financial year ended 31 December 2014.

The Company's financial year concluded on 31 December 2015 and, consequently, the Company is still in the process of finalising the Group's annual results. The loss estimate contained in the trading update announcement was only an initial assessment by the Directors based on a preliminary review of the available and unaudited management accounts, which is subject to change.

Save as otherwise provided herein in respect of the Transaction, since 31 December 2014, being the date to which the Group's latest published audited accounts were made up, none of the members of the Group has acquired or agreed to acquire or is proposing to acquire a business or an interest in the share capital of a company, whose profits or assets make or will make a material contribution to the figures in the auditors' report or next published accounts of the Group.

**5. FINANCIAL INFORMATION OF THE GROUP**

The auditors' report and the audited consolidated financial statements of the Group for each of the three financial years ended 31 December 2012, 2013 and 2014 and the auditors' review report and the condensed consolidated financial statements of the Group for the six months ended 30 June 2015 were disclosed in the following documents which have been published on the website of the Exchange ([www.hkex.com.hk](http://www.hkex.com.hk)) and the Company's website ([www.regentpac.com](http://www.regentpac.com)):

- Interim report of the Group for the six months ended 30 June 2015 published on 28 August 2015 (pages 3 to 34);
- Annual report of the Group for the year ended 31 December 2014 published on 30 March 2015 (pages 76 to 162);
- Annual report of the Group for the year ended 31 December 2013 published on 28 March 2014 (pages 74 to 156); and
- Annual report of the Group for the year ended 31 December 2012 published on 27 March 2013 (pages 70 to 156).

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## APPENDIX V ACCOUNTANT'S REPORT OF THE PLETHORA GROUP

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*The following is the full text of a report prepared for the sole purpose of inclusion in this circular, received from the independent reporting accountants of the Company, BDO Limited, Certified Public Accountants, Hong Kong.*



Tel : +852 2218 8288  
Fax: +852 2815 2239  
www.bdo.com.hk

25<sup>th</sup> Floor Wing On Centre  
111 Connaught Road Central  
Hong Kong

電話 : +852 2218 8288  
傳真 : +852 2815 2239  
www.bdo.com.hk

香港干諾道中111號  
永安中心25樓

4 February 2016

The Board of Directors  
Regent Pacific Group Limited

Dear Sirs,

We set out below our report on the financial information of Plethora Solutions Holdings plc (the “**Target Company**”) and its subsidiaries (collectively referred to as the “**Target Group**”) which comprises the consolidated statements of financial position of the Target Group as at 31 December 2012, 2013 and 2014 and 30 September 2015, the statements of financial position of the Target Company as at 31 December 2012, 2013 and 2014 and 30 September 2015, and the consolidated statements of comprehensive income, the consolidated statements of changes in equity and the consolidated statements of cash flows of the Target Group for each of the years ended 31 December 2012, 2013 and 2014 and the nine months ended 30 September 2015 (the “**Relevant Periods**”) and a summary of significant accounting policies and other explanatory notes (the “**Financial Information**”), together with the comparative financial information of the Target Group including the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the nine months ended 30 September 2014 (the “**Comparative Financial Information**”), for inclusion in the circular (the “**Circular**”) dated 4 February 2016 issued by Regent Pacific Group Limited (the “**Company**”) in connection with the proposed acquisition by the Company of the entire issued and to be issued ordinary share capital of Plethora Solutions Holdings plc (“**Plethora**” or the “**Target Company**”) (other than Plethora Shares held by the Group) by means of the proposed scheme of arrangement, or should the Company so select, by means of a takeover offer made by or on behalf of the Company for the entire issued and to be issued share capital of Plethora (other than Plethora Shares held by the Group) (“**Acquisition**”).

The Target Company, a public limited company, was incorporated and domiciled in the United Kingdom on 25 January 2005. As at the date of this report, the Target Company has direct and indirect interests in the subsidiaries as set out in note 1 of Section II below. The principal activity of the Target Company is investment holding and the principal activities of its subsidiaries are the development and commercialisation of a pharmaceutical treatment of premature ejaculation in the area of men’s sexual health.

The Target Company and its subsidiaries have adopted 31 December as their financial year end date. The statutory financial statements of the Target Company for each of the three years ended 31 December 2012, 2013 and 2014 were prepared in accordance with International Financial Reporting Standards as adopted by the European Union and were audited by PricewaterhouseCoopers LLP. The statutory financial statements of subsidiaries of the Target Company were prepared in accordance with relevant accounting principles and financial regulations applicable to these companies in their jurisdiction.

For the purpose of this report, the directors of the Target Company have prepared the financial statements of the Target Company and its subsidiaries for the Relevant Periods (the “**Underlying Financial Statements**”) in accordance with Hong Kong Financial Reporting Standards (“**HKFRSs**”) issued by the Hong Kong Institute of Certified Public Accountants (the “**HKICPA**”).

The Financial Information has been prepared by the directors of the Target Company based on the Underlying Financial Statements with no adjustment made thereon.

#### **Directors’ responsibility**

The directors of the Target Company are responsible for the preparation and true and fair presentation of the Financial Information in accordance with HKFRSs, the disclosure requirements of the Hong Kong Companies Ordinance and the applicable disclosure provisions of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Listing Rules**”), and for such internal control as the directors of the Target Company determine is necessary to enable the preparation of the Financial Information that is free from material misstatement, whether due to fraud or error.

The directors of the Target Company are also responsible for the preparation and presentation of the Comparative Financial Information in accordance with the same basis adopted in respect of the Financial Information.

#### **Reporting accountants’ responsibility**

Our responsibility is to form an opinion on the Financial Information based on our procedures and to report our opinion to you.

For the purpose of this report, we have carried out audit procedures in respect of the Underlying Financial Statements in accordance with Hong Kong Standards on Auditing issued by the HKICPA and have examined the Financial Information of the Target Group, and carried out appropriate procedures as we considered necessary in accordance with the Auditing Guideline 3.340 “Prospectuses and the Reporting Accountant” issued by the HKICPA.

For the purpose of this report, we have also reviewed the Comparative Financial Information in accordance with Hong Kong Standard on Review Engagements 2410 “Review of Interim Financial Information Performed by the Independent Auditor of the Entity” issued by the HKICPA. Our responsibility is to express a conclusion on the Comparative Financial Information based on our review. A review consists of making enquiries, primarily of persons responsible for financial and

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**APPENDIX V ACCOUNTANT'S REPORT OF THE PLETHORA GROUP**

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accounting matters, and applying analytical and other review procedures to the Comparative Financial Information. A review is substantially less in scope than an audit conducted in accordance with Hong Kong Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion on the Comparative Financial Information.

**Opinion in respect of the Financial Information**

In our opinion, for the purpose of this report, the Financial Information gives a true and fair view of the state of affairs of the Target Group as at 31 December 2012, 2013 and 2014 and 30 September 2015 and of the results and cash flows of the Target Group for the Relevant Periods in accordance with HKFRSs.

**Emphasis of matter**

Without qualifying our opinion, we draw your attention to note 3(a) of Section II concerning the adoption of the going concern basis on which the Financial Information has been prepared. As at 30 September 2015, the Target Group had total shareholders' deficit of approximately £114,000 and the Target Group also incurred a loss of approximately £1,104,000 for the nine months ended 30 September 2015. As at the same date, the Target Company had net current liabilities of approximately £877,000 and total shareholders' deficit of approximately £1,221,000. These conditions, along with other matters as disclosed in note 3(a) of Section II, indicate the existence of a material uncertainty which may cast significant doubt about the Target Group's and the Target Company's ability to continue as a going concern.

**Review conclusion in respect of the Comparative Financial Information**

Based on our review which does not constitute an audit, nothing has come to our attention that causes us to believe that the Comparative Financial Information, for the purpose of this report, is not prepared, in all material respects, in accordance with the same basis adopted in respect of the Financial Information.

**APPENDIX V ACCOUNTANT'S REPORT OF THE PLETHORA GROUP**

**I. FINANCIAL INFORMATION**

**CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME**

	Notes	Year ended 31 December			Nine months ended 30 September	
		2012 £'000 (restated)	2013 £'000	2014 £'000	2014 £'000 (unaudited)	2015 £'000
<b>Continuing operations</b>						
Revenue	6	—	—	3,862	3,862	—
Operating costs:						
Research and development expenses		(611)	(1,312)	(2,727)	(1,737)	(2,064)
General and administrative expenses		(908)	(1,586)	(1,951)	(1,433)	(2,044)
Settlement residual royalty obligations — PSD502™	7	—	—	(15,390)	(15,390)	—
Total operating costs		(1,519)	(2,898)	(20,068)	(18,560)	(4,108)
Operating loss	8	(1,519)	(2,898)	(16,206)	(14,698)	(4,108)
Finance costs	11	(1,308)	(6,152)	(933)	(628)	(215)
Finance income	11	1	2	1,405	709	3,219
Gain on 2013 debt restructuring	7	—	293	—	—	—
Loss from continuing operations for the year/period before income tax		(2,826)	(8,755)	(15,734)	(14,617)	(1,104)
Income tax	12	—	—	—	—	—
Loss from continuing operations for the year/period after income tax		(2,826)	(8,755)	(15,734)	(14,617)	(1,104)
<b>Discontinued operations</b>						
(Loss)/Profit for the year/period from discontinued operations	21	(1,046)	255	43	43	—
<b>Loss for the year/period and total comprehensive income attributable to the owners of the parent</b>		<u>(3,872)</u>	<u>(8,500)</u>	<u>(15,691)</u>	<u>(14,574)</u>	<u>(1,104)</u>
<b>(Losses)/Earnings per ordinary share</b>						
Basic and diluted loss per share from continuing operations	13	(1.4)p	(2.7)p	(3.2)p	(3.5)p	(0.1)p
Basic and diluted (loss)/earnings per share from discontinued operations		(0.5)p	0.1p	0.0p	0.0p	—
Basic and diluted loss per share from total operations		<u>(1.9)p</u>	<u>(2.6)p</u>	<u>(3.2)p</u>	<u>(3.5)p</u>	<u>(0.1)p</u>



**APPENDIX V ACCOUNTANT'S REPORT OF THE PLETHORA GROUP**

**CONSOLIDATED STATEMENTS OF FINANCIAL POSITION**

		As at 31 December			As at 30 September
	<i>Notes</i>	2012	2013	2014	2015
		£'000	£'000	£'000	£'000
<b>Assets</b>					
<b>Non-current assets</b>					
Property, plant and equipment	14	<u>1</u>	<u>—</u>	<u>76</u>	<u>65</u>
<b>Current assets</b>					
Inventories	16	43	—	—	—
Trade and other receivables	17	157	496	541	374
Cash and cash equivalents	18	<u>31</u>	<u>3,117</u>	<u>5,066</u>	<u>1,614</u>
		<u>231</u>	<u>3,613</u>	<u>5,607</u>	<u>1,988</u>
<b>Current liabilities</b>					
Trade and other payables	20	(1,566)	(1,158)	(1,115)	(589)
Borrowings	22	<u>(3,806)</u>	<u>(6,694)</u>	<u>(7,425)</u>	<u>(1,234)</u>
		<u>(5,372)</u>	<u>(7,852)</u>	<u>(8,540)</u>	<u>(1,823)</u>
<b>Net current (liabilities)/assets</b>		<u>(5,141)</u>	<u>(4,239)</u>	<u>(2,933)</u>	<u>165</u>
<b>Total assets less current (liabilities)/assets</b>		<u>(5,140)</u>	<u>(4,239)</u>	<u>(2,857)</u>	<u>230</u>
<b>Non-current liabilities</b>					
Borrowings	22	<u>(607)</u>	<u>(2,573)</u>	<u>—</u>	<u>(344)</u>
<b>Net liabilities</b>		<u>(5,747)</u>	<u>(6,812)</u>	<u>(2,857)</u>	<u>(114)</u>
<b>Equity</b>					
Share capital	23	2,089	4,153	6,810	8,233
Reserves	24	<u>(7,836)</u>	<u>(10,965)</u>	<u>(9,667)</u>	<u>(8,347)</u>
<b>Total shareholders' deficit</b>		<u>(5,747)</u>	<u>(6,812)</u>	<u>(2,857)</u>	<u>(114)</u>

**APPENDIX V ACCOUNTANT'S REPORT OF THE PLETHORA GROUP**

**COMPANY STATEMENTS OF FINANCIAL POSITION**

	<i>Notes</i>	<b>As at 31 December</b>			<b>As at 30</b>
		<b>2012</b>	<b>2013</b>	<b>2014</b>	<b>September</b>
		<i>£'000</i>	<i>£'000</i>	<i>£'000</i>	<i>£'000</i>
<b>Assets</b>					
<b>Non-current assets</b>					
Interests in subsidiaries	15	<u>79,000</u>	<u>79,000</u>	<u>—</u>	<u>—</u>
<b>Current assets</b>					
Other receivables	17	18	462	224	47
Amount due from a subsidiary	15	44	—	—	495
Cash and cash equivalents	18	<u>20</u>	<u>2,509</u>	<u>1,574</u>	<u>125</u>
		<u>82</u>	<u>2,971</u>	<u>1,798</u>	<u>667</u>
<b>Current liabilities</b>					
Other payables	20	(445)	(942)	(510)	(310)
Amount due to a subsidiary	15	(84,701)	(83,133)	—	—
Borrowings	22	<u>(3,806)</u>	<u>(6,694)</u>	<u>(7,425)</u>	<u>(1,234)</u>
		<u>(88,952)</u>	<u>(90,769)</u>	<u>(7,935)</u>	<u>(1,544)</u>
<b>Net current liabilities</b>		<u>(88,870)</u>	<u>(87,798)</u>	<u>(6,137)</u>	<u>(877)</u>
<b>Total assets less current liabilities</b>		<u>(9,870)</u>	<u>(8,798)</u>	<u>(6,137)</u>	<u>(877)</u>
<b>Non-current liabilities</b>					
Borrowings	22	<u>(607)</u>	<u>(2,573)</u>	<u>—</u>	<u>(344)</u>
<b>Net liabilities</b>		<u>(10,477)</u>	<u>(11,371)</u>	<u>(6,137)</u>	<u>(1,221)</u>
<b>Equity</b>					
Share capital	23	2,089	4,153	6,810	8,233
Reserves	24	<u>(12,566)</u>	<u>(15,524)</u>	<u>(12,947)</u>	<u>(9,454)</u>
<b>Total shareholders' deficit</b>		<u>(10,477)</u>	<u>(11,371)</u>	<u>(6,137)</u>	<u>(1,221)</u>

**APPENDIX V ACCOUNTANT'S REPORT OF THE PLETHORA GROUP**

**CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY**

	Share capital £'000 <i>(Note 23)</i>	Share premium* £'000	Other reserve* £'000	Convertible loan note reserve* £'000	Share- based payment reserve* £'000	Accumulated losses* £'000	Total £'000
<b>At 1 January 2012</b>	2,008	24,782	4,908	112	1,922	(36,056)	(2,324)
Loss and total comprehensive income for the year	—	—	—	—	—	(3,872)	(3,872)
<b>Transactions with owners:</b>							
Equity component of Mellon Bridge Loans (note 22)	—	—	—	25	—	—	25
Issue of new shares (note 23)	81	301	—	—	—	—	382
Employee share-based compensation (note 10)	—	—	—	—	42	—	42
<b>Total transactions with owners</b>	<u>81</u>	<u>301</u>	<u>—</u>	<u>25</u>	<u>42</u>	<u>—</u>	<u>449</u>
<b>At 31 December 2012 and 1 January 2013</b>	2,089	25,083	4,908	137	1,964	(39,928)	(5,747)
Loss and total comprehensive income for the year	—	—	—	—	—	(8,500)	(8,500)
<b>Transactions with owners:</b>							
Gain on loan extinguishments taken to equity (note 22)	—	—	—	—	—	28	28
Equity component of convertible loan notes (note 22)	—	—	—	79	—	—	79
Issue of new shares (note 23)	2,064	5,485	—	—	—	—	7,549
Cost of issue of new shares	—	(312)	—	—	—	—	(312)
Employee share-based compensation (note 10)	—	—	—	—	91	—	91
Transfer for lapsed share options	—	—	—	—	(822)	822	—
<b>Total transactions with owners</b>	<u>2,064</u>	<u>5,173</u>	<u>—</u>	<u>79</u>	<u>(731)</u>	<u>850</u>	<u>7,435</u>

	Share capital £'000	Share premium* £'000	Other reserve* £'000	Convertible loan note reserve* £'000	Share- based payment reserve* £'000	Accumulated losses* £'000	Total £'000
	<i>(Note 23)</i>						
<b>At 31 December 2013 and 1 January 2014</b>	4,153	30,256	4,908	216	1,233	(47,578)	(6,812)
Loss and total comprehensive income for the year	—	—	—	—	—	(15,691)	(15,691)
<b>Transactions with owners:</b>							
Release of equity reserve of convertible loan notes (note 22)	—	73	—	(73)	—	—	—
Issue of new shares (note 23)	2,657	16,818	—	—	—	—	19,475
Cost of issue of new shares	—	(604)	—	—	—	—	(604)
Employee share-based compensation (note 10)	—	—	—	—	775	—	775
Transfer for lapsed share options	—	—	—	—	(115)	115	—
<b>Total transactions with owners</b>	<u>2,657</u>	<u>16,287</u>	<u>—</u>	<u>(73)</u>	<u>660</u>	<u>115</u>	<u>19,646</u>
<b>At 31 December 2014</b>	<u>6,810</u>	<u>46,543</u>	<u>4,908</u>	<u>143</u>	<u>1,893</u>	<u>(63,154)</u>	<u>(2,857)</u>

	Share capital £'000	Share premium* £'000	Other reserve* £'000	Convertible loan note reserve* £'000	Share- based payment reserve* £'000	Accumulated losses* £'000	Total £'000
	<i>(Note 23)</i>						
<b>Period ended 30 September 2014</b>							
<b>(unaudited)</b>							
<b>At 1 January 2014</b>	4,153	30,256	4,908	216	1,233	(47,578)	(6,812)
Loss and total comprehensive income for the period	—	—	—	—	—	(14,574)	(14,574)
<b>Transactions with owners:</b>							
Issue of new shares (note 23)	2,657	16,818	—	—	—	—	19,475
Cost of issue of new shares	—	(604)	—	—	—	—	(604)
Employee share-based compensation (note 10)	—	—	—	—	589	—	589
<b>Total transactions with owners</b>	<u>2,657</u>	<u>16,214</u>	<u>—</u>	<u>—</u>	<u>589</u>	<u>—</u>	<u>19,460</u>
<b>At 30 September 2014</b>	<u>6,810</u>	<u>46,470</u>	<u>4,908</u>	<u>216</u>	<u>1,822</u>	<u>(62,152)</u>	<u>(1,926)</u>

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**APPENDIX V ACCOUNTANT'S REPORT OF THE PLETHORA GROUP**

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	Share capital £'000	Share premium* £'000	Other reserve* £'000	Convertible loan note reserve* £'000	Share- based payment reserve* £'000	Accumulated losses* £'000	Total £'000
	<i>(Note 23)</i>						
<b>Period ended 30 September 2015</b>							
<b>At 1 January 2015</b>	6,810	46,543	4,908	143	1,893	(63,154)	(2,857)
Loss and total comprehensive income for the period	—	—	—	—	—	(1,104)	(1,104)
<b>Transactions with owners:</b>							
Issue of new shares (note 23)	1,423	1,423	—	—	—	—	2,846
Release of equity reserve of convertible loan notes (note 22)	—	125	—	(138)	—	2	(11)
Employee share-based compensation (note 10)	—	—	—	—	1,012	—	1,012
<b>Total transactions with owners</b>	<u>1,423</u>	<u>1,548</u>	<u>—</u>	<u>(138)</u>	<u>1,012</u>	<u>2</u>	<u>3,847</u>
<b>At 30 September 2015</b>	<u>8,233</u>	<u>48,091</u>	<u>4,908</u>	<u>5</u>	<u>2,905</u>	<u>(64,256)</u>	<u>(114)</u>

\* The total of these balances as at the end of the reporting period represents “Reserves” in the consolidated statements of financial position.

**APPENDIX V ACCOUNTANT'S REPORT OF THE PLETHORA GROUP**

**CONSOLIDATED STATEMENTS OF CASH FLOWS**

	<i>Notes</i>	<b>Year ended 31 December</b>			<b>Nine months ended 30 September</b>	
		<b>2012</b> <i>£'000</i> <i>(restated)</i>	<b>2013</b> <i>£'000</i>	<b>2014</b> <i>£'000</i>	<b>2014</b> <i>£'000</i> <i>(unaudited)</i>	<b>2015</b> <i>£'000</i>
<b>Cash flows from operating activities</b>						
Loss before income tax		(2,826)	(8,755)	(15,734)	(14,617)	(1,104)
Adjustments for:						
Finance income	11	(1)	(2)	(3)	(2)	(15)
Fair value loss on revaluation of loan warrants	11	314	5,233	(1,402)	(707)	(3,204)
Gain on 2013 debt restructuring	7	—	(293)	—	—	—
Finance costs	11	994	919	933	628	215
Share-based payment charge	8, 10	42	91	775	589	1,012
Depreciation of property, plant and equipment	8	<u>3</u>	<u>1</u>	<u>6</u>	<u>—</u>	<u>11</u>
Operating loss before working capital changes		(1,474)	(2,806)	(15,425)	(14,109)	(3,085)
Decrease/(Increase) in trade and other receivables		200	(478)	(45)	(5,849)	167
(Decrease)/Increase in trade and other payables		<u>(440)</u>	<u>253</u>	<u>(43)</u>	<u>(357)</u>	<u>(526)</u>
<b>Cash utilised by operations — continuing operations</b>		(1,714)	(3,031)	(15,513)	(20,315)	(3,444)
<b>Cash (utilised by)/generated from operations — discontinued operations</b>	21	<u>(42)</u>	<u>(106)</u>	<u>43</u>	<u>43</u>	<u>—</u>
<b>Total cash utilised by operations</b>		(1,756)	(3,137)	(15,470)	(20,272)	(3,444)
Interest paid		<u>(99)</u>	<u>—</u>	<u>(5)</u>	<u>—</u>	<u>(10)</u>
<b>Net cash outflow generated from operating activities</b>		<u>(1,855)</u>	<u>(3,137)</u>	<u>(15,475)</u>	<u>(20,272)</u>	<u>(3,454)</u>

**APPENDIX V ACCOUNTANT'S REPORT OF THE PLETHORA GROUP**

	<i>Notes</i>	<b>Year ended 31 December</b>			<b>Nine months ended 30 September</b>	
		<b>2012</b>	<b>2013</b>	<b>2014</b>	<b>2014</b>	<b>2015</b>
		<i>£'000</i>	<i>£'000</i>	<i>£'000</i>	<i>£'000</i>	<i>£'000</i>
		<i>(restated)</i>			<i>(unaudited)</i>	
<b>Cash flows from investing activities</b>						
Interest received		1	2	3	2	2
Purchase of property, plant and equipment		—	—	(82)	(82)	—
<b>Net cash generated from/(used in) investing activities</b>		<u>1</u>	<u>2</u>	<u>(79)</u>	<u>(80)</u>	<u>2</u>
<b>Cash flow from financing activities</b>						
Proceeds from issue of shares	23	350	6,533	18,138	18,138	—
Share issue costs		—	(312)	(604)	(604)	—
Partial repayment of CfE loan		—	—	(31)	(31)	—
Proceeds from receipt of Bridge Loan	22	550	200	—	—	—
Repayment of Bridge Loan		—	(200)	—	—	—
<b>Net cash generated from financing activities</b>		<u>900</u>	<u>6,221</u>	<u>17,503</u>	<u>17,503</u>	<u>—</u>
<b>Net (decrease)/increase in cash and cash equivalents</b>		(954)	3,086	1,949	(2,849)	(3,452)
<b>Cash and cash equivalents at beginning of year/period</b>		<u>985</u>	<u>31</u>	<u>3,117</u>	<u>3,117</u>	<u>5,066</u>
<b>Cash and cash equivalents at end of year/period</b>	18	<u><u>31</u></u>	<u><u>3,117</u></u>	<u><u>5,066</u></u>	<u><u>268</u></u>	<u><u>1,614</u></u>



## APPENDIX V ACCOUNTANT'S REPORT OF THE PLETHORA GROUP

### II. NOTES TO THE FINANCIAL INFORMATION

#### 1. GENERAL INFORMATION

The Target Company, a public limited company, was incorporated and domiciled in the United Kingdom. Its shares are registered on the Alternative Investment Market (“AIM”) at the London Stock Exchange.

The Target Group is principally engaged in the development and commercialisation of a pharmaceutical treatment of premature ejaculation in the area of men’s sexual health. The Target Company is an investment holding company.

The particulars of the Target Company’s subsidiaries as at the date of this report are as follows:

Name of subsidiary	Country and date of incorporation/ operation and form of legal entity	Issued and fully paid share capital	Proportion of effective equity interest held by the Target Company				Principal activities	Relevant financial periods	Auditors
			As at 31 December		As at 30 September				
			2012	2013	2014	2015			
<b>Held directly</b>									
Plethora Solutions Limited	United Kingdom/ 26 November 2003/ limited liability company	152,260 ordinary shares of 0.1p each	100%	100%	100%	100%	Development and commercialisation of pharmaceutical treatments for premature ejaculation in the area of men’s sexual health	31 December 2012 31 December 2013 31 December 2014	PricewaterhouseCoopers LLP PricewaterhouseCoopers LLP PricewaterhouseCoopers LLP
Plethora Therapeutics Limited <sup>#</sup>	United Kingdom/ 20 March 2008/ limited liability company	79,000,001 ordinary shares of £1 each	100%	100%	100%	100%	Development of drugs and medical devices for the diagnosis, treatment and management of urological disorders	31 December 2012 31 December 2013 N/A	N/A N/A N/A
The Urology Company Holdings Limited*	United Kingdom/ 27 August 2009/ limited liability company	100 ordinary shares of £1 each	100%	100%	N/A	N/A	Investment holding	31 December 2012 N/A N/A	N/A N/A N/A
<b>Held indirectly</b>									
The Urology Company Limited*	United Kingdom/ 27 August 2009/ limited liability company	100 ordinary shares of £1 each	100%	N/A	N/A	N/A	Marketing and distribution of prescription pharmaceuticals, CE marked medical devices and OTO healthcare products for the treatment and management of urological disorders	N/A N/A N/A	N/A N/A N/A

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## APPENDIX V ACCOUNTANT'S REPORT OF THE PLETHORA GROUP

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\* On 25 February 2013, the Target Group put one of its wholly-owned subsidiaries, The Urology Company Limited, into administration which was dissolved on 25 February 2015. On 10 June 2014, the Target Company's wholly-owned subsidiary, The Urology Company Holdings Limited, was formally dissolved.

# During 2014, the Target Company took steps to liquidate the Target Company's subsidiary, Plethora Therapeutics Limited which is expected to be formally struck off in 2016.

### 2. APPLICATION OF HONG KONG FINANCIAL REPORTING STANDARDS

For the purpose of preparing and presenting the Financial Information for the Relevant Periods, the Target Group has consistently applied all HKFRSs, which collective term includes all applicable individual Hong Kong Accounting Standards and Interpretations issued by the HKICPA. The Financial Information also comply with the disclosure requirements of the Hong Kong Companies Ordinance and The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited.

At the date of this report, the following new standards, amendments to standards and interpretations, potentially relevant to the Target Group's Financial Information, which are not yet effective and have not been early adopted by the Target Group in preparing the Financial Information:

Amendments to HKAS 1	Disclosure Initiative <sup>1</sup>
Amendments to HKAS 27	Equity Method in Separate Financial Statements <sup>1</sup>
HKFRS 9 (2014)	Financial Instruments <sup>2</sup>
HKFRS 15	Revenue from Contracts with Customers <sup>2</sup>
HKFRSs (Amendments)	Annual Improvements 2012-2014 Cycle <sup>1</sup>

<sup>1</sup> Effective for annual periods beginning on or after 1 January 2016

<sup>2</sup> Effective for annual periods beginning on or after 1 January 2018

Except as explained below, the adoption of these new and amended HKFRSs has no material impact on the Target Group's Financial Information.

#### Amendments to HKAS 1 — Disclosure Initiative

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

### HKFRS 9 (2014) - Financial Instruments

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

HKFRS 9 includes a new expected loss impairment model for all financial assets not measured at FVTPL 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 FVTPL, 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.

### **3. BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES**

#### **(a) Basis of preparation**

The Financial Information has been prepared in accordance with HKFRSs and the disclosure requirements of the Hong Kong Companies Ordinance. In addition, the Financial Information includes applicable disclosures required by the Listing Rules.

The Financial Information has been prepared under the historical cost convention as modified by financial liabilities at fair value through profit or loss using the required measurement bases specified under HKFRSs.

In preparing the Financial Information, the Target Company's directors have considered the operations of the Target Group as a going concern notwithstanding the Target Group had total shareholders' deficit of approximately £114,000 as at 30 September 2015. In addition, the Target Group incurred a loss of approximately £1,104,000 for the nine months ended 30 September 2015 and the Target Company had net current liabilities of approximately £877,000 and total shareholders' deficit of approximately £1,221,000 as at 30 September 2015. These conditions indicate the existence of a material uncertainty which may cast significant doubt on the Target Group's and the Target Company's ability to continue as a going concern and therefore, the Target Group and the Target Company may not be able to realise its assets and discharge its liabilities in the normal course of business.

The directors of the Target Company has prepared the Financial Information based on the assumption that the Target Group and the Target Company can continue as a going concern. They are of the view that the Target Group and the Target Company will have sufficient working capital and financial resources to meet their financial obligations as and when they fall due for the next twelve months from the end of the reporting period, after taking into consideration the following:

- (i) On 23 December 2015, the Target Company entered into a loan agreement with one of its shareholders, Regent Pacific Group Limited, pursuant to which that company, as lender, provided an interest bearing at LIBOR + 5% unsecured term loan facility in an aggregate amount of £1,000,000 with maturity date of 25 April 2016 to the Target Company to secure short term funding for Plethora's general working capital requirements and, in particular, supporting Plethora's strategy of bringing PSD502™ to full commercialisation under its current operating plans.
- (ii) Given the current stage in the development of PSD502™ and the reasonable expectation of future milestone and royalty revenue from the commercialisation of PSD502™, and the reasonable expectation of being able to count on the support of its shareholders and the investment community should any further financing be required based on cash flow forecasts to March 2017 prepared by the Target's directors, which show the Target Group will have adequate working capital to meet its needs.

Consequently, the directors of the Target Company are of the opinion that it is appropriate to prepare the Financial Information on a going concern basis and are satisfied that the Target Group and the Target Company will have sufficient working capital and financial resources to finance its operations for the next twelve months from the end of the reporting period.

Should the Target Group or the Target Company be unable to continue in business as a going concern, adjustments would have to be made in the Financial Information to write down the values of the assets to their recoverable amounts, to provide for any further liabilities which might arise, and to reclassify non-current assets and non-current liabilities as current assets and current liabilities respectively. The effect of these adjustments has not been reflected in the Financial Statements.

It should be noted that accounting estimates and assumptions are used in the preparation of the Financial Information. Although these estimates are based on management's best knowledge and judgment of current events and actions, actual results may ultimately differ from those estimates. The areas involving higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the Financial Information are disclosed in note 4.

**(b) Overall considerations**

The significant accounting policies that have been used in the preparation of the Financial Information are summarised below.

The Financial Information has been prepared using the measurement bases specified by HKFRSs for each type of assets, liabilities, income and expense. The measurement bases are more fully described in the accounting policies below.

The accounting estimates and assumptions are consistent with the Target Group's latest approved budget forecast where applicable. Judgements are based on the information available at the end of each Relevant Period. All estimates are based on the best information available to management.

The Target Group can classify as discontinued operations only those operations which meet the criteria set out in HKFRS 5 at the end of each Relevant Period. The Urology Company Limited, which was placed into administration in February 2013, is shown as a discontinued operation.

**(c) Consolidation and investments in subsidiaries**

Consistent accounting policies have been adopted across the Target Group and where necessary the accounting policy for the subsidiaries has been changed to ensure consistency within the Target Group.

Subsidiaries are entities over which the Target Group has the power to control the financial and operating policies. The Target Group obtains and exercises control through voting rights. The consolidated financial statements of the Target Group incorporate the financial statements of the parent company as well as those entities controlled by the Target Group by full consolidation.

The Target Group applies the acquisition method of accounting to account for business combinations. The consideration transferred for the acquisition of a subsidiary is the fair value of the assets transferred, the liabilities incurred and the equity interests issued by the Target Company. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair value at the acquisition date.

Intra-group balances and transactions, and any unrealised gains or losses arising from intra-group transactions, are eliminated in preparing the Financial Information.

**(d) Property, plant and equipment**

Property, plant and equipment are carried at acquisition cost less subsequent depreciation and impairment losses. Depreciation is charged on these assets on a straight line basis over the estimated useful economic life of each asset. Gains/(losses) on disposal are determined by comparing proceeds with carrying value and are recognised within other (losses)/gains in the Consolidated Statement of Comprehensive Income.

The useful lives of property, plant and equipment can be summarised as follows:

Fixtures and fittings, computers and equipment: 5 years

Residual asset values and useful lives are reviewed and adjusted annually where necessary.

**(e) Impairment**

The carrying value of non-current assets is reviewed whenever events or changes in circumstances indicate that the carrying value may not be recoverable to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated.

An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount of property, plant and equipment is the greater of their fair value less costs to sell and value in use.

Furthermore, non-financial assets other than goodwill which have suffered impairment are reviewed for possible reversal of the impairment at the end of each Relevant Period.

**(f) Financial assets**

The Target Group's financial assets include cash and cash equivalents and trade and other receivables.

All financial assets are recognised when the entity becomes party to the contractual provisions of an instrument. All financial assets are derecognised on their settlement date. All financial assets are initially recognised at fair value, plus transaction costs, and are subsequently measured at amortised cost using the effective interest rate.

Interest and other cash flows resulting from holding financial assets are recognised in profit or loss when receivable, regardless of how the related carrying amount of financial assets is measured.

Trade receivables are provided against when objective evidence is received that the Target Group will not be able to collect all amounts due to it in accordance with the original terms of the receivables. The amount of the write-down is determined as the difference between the asset's carrying amount and the present value of estimated future cash flows. No general provisions are made against trade receivables.

**(g) Inventories**

Inventories are stated at the lower of cost and net realisable value, being the estimated selling prices in the ordinary course of business less applicable variable selling costs. In general, cost is determined on a first in first out basis and includes transport and handling costs. Where necessary, provision is made for obsolete, slow moving, defective inventory and impaired as a result of wind down as was the case during the prior year in regard to The Urology Company Limited. The Target Group currently owns no inventory.

**(h) Cash and cash equivalents**

Cash and cash equivalents include cash at bank and in hand and overdrafts as well as short term highly liquid investments such as money market instruments and bank deposits.

**(i) Financial liabilities**

The Target Group's financial liabilities include convertible third party loans, warrants and trade and other payables.

Financial liabilities are recognised when the Target Group becomes a party to the contractual agreements of the instrument. All interest related charges are recognised as an expense in "finance costs" in the consolidated statement of comprehensive income. Financial liabilities, excluding warrants, are initially recognised at fair value and subsequently measured at amortised cost using the effective interest method. Warrants are accounted for as an embedded derivative and accounted for in line with the policy disclosed below.

Convertible loan notes are recorded at fair value, fair value being proceeds less transaction costs. Finance charges, including premiums payable on settlement or redemption and direct issue costs, are charged to the Consolidated Statement of Comprehensive Income on an accruals basis using the effective interest method and are added to the carrying amount of the instrument to the extent that they are not settled in the period in which they arise. They subsequently follow the accounting policy for Compound financial instruments as disclosed below.

Borrowings are classified as current liabilities unless the Target Group has an unconditional right to defer settlement of the liability for at least 12 months after the end of each Relevant Period.

**(j) Compound financial instruments**

Compound financial instruments issued by the Target Group comprise convertible notes that can be converted to share capital at the option of the holder, and the number of shares to be issued does not vary with changes in their fair value.

The liability component of a compound financial instrument is recognised initially at the fair value of a similar liability that does not have an equity conversion option. The equity component is recognised initially at the difference between the fair value of the compound financial instrument as a whole and the fair value of the liability component. Any directly attributable transaction costs are allocated to the liability and equity components in proportion to their initial carrying amounts.

Subsequent to initial recognition, the liability component of a compound financial instrument is measured at amortised cost using the effective interest method. The equity component of a compound financial instrument is not re-measured subsequent to initial recognition except on conversion or expiry.

**(k) Embedded derivatives**

Embedded derivatives identified in host contracts are separated from the host contract when they are not closely linked to the contract and are valued at fair value through the consolidated statement of comprehensive income where they meet the definition of a financial liability. The embedded derivative is revalued to fair value at each reporting period. Within the consolidated statement of comprehensive income any charge or credit is disclosed in finance income/costs and the corresponding asset/liability is separately shown in the notes to the statements of financial position.

Where the embedded derivative meets the definition of equity, this is recognised initially at its fair value and not subsequently re-measured.

**(l) Equity**

Share capital is determined using the nominal value of shares that have been issued.



**(m) Revenue recognition**

Revenue is measured by reference to the fair value of consideration received or receivable by the Target Group for goods supplied excluding value-added tax. Revenue is recognised upon the performance of services or transfer of risk to the customer.

The recognition of income received, such as licence fees, up-front receipts and milestone receipts is dependent on the terms of the related arrangement, having regard to the ongoing risks and rewards of the arrangement, and the existence of any performance or repayment obligations with any third party.

Licence fees are recognised as revenue when all substantial obligations to the licensee have been fulfilled.

Income is only recognised as revenue when the following conditions have been met:

- The stage of completion of the transaction at the end of each Relevant Period can be measured reliably;
- The amount of the revenue can be measured reliably;
- It is probable that the economic benefits associated with the transaction will flow to the entity; and
- The costs incurred for the transaction and the costs to complete the transaction can be measured reliably.

**(n) Segment reporting**

The chief operating decision-maker has been identified as the board of directors. The board reviews the Target Group's internal reporting in order to assess performance and allocate resources. Management has determined the operating segments based on these reports.

The board considers the business primarily from an activity perspective, assessing the performance of product development referred to as "Plethora Development" and the sales and marketing of pharmaceutical and healthcare products in the UK and continental Europe referred to as the "Urology Co", which was liquidated in 2013. This has been presented as "Discontinued Operations".

The board assesses the performance of the operating segments based on a measure of income and directly attributable expenses. Finance income is also included in the result for each operating segment that is reviewed by the board. Other information provided to the board is measured in a manner consistent with that in the Financial Information.

**(o) Research and development costs**

Expenditure on research activities (or the research phase of an internal project) is recognised as an expense in the period in which it is incurred.

An internally generated intangible asset arising from development activities (or from the development phase of an internal project) is recognised if, and only if, all of the following have been demonstrated:

- (i) The technical feasibility of completing the intangible asset so that it will be available for use or sale.
- (ii) Its intention to complete the intangible asset and use or sell it.
- (iii) Its ability to use or sell the intangible asset.
- (iv) How the intangible asset will generate probable future economic benefits. Among other things, the entity can demonstrate the existence of a market for the output of the intangible asset or the intangible asset itself or, if it is to be used internally, the usefulness of the intangible asset.
- (v) The availability of adequate technical, financial and other resources to complete the development and to use or sell the intangible asset.
- (vi) Its ability to measure reliably the expenditure attributable to the intangible asset during its development.

The amount initially recognised for internally-generated intangible asset is the sum of the expenditure incurred from the date when the intangible asset first meets the recognition criteria listed above. Where no internally-generated intangible asset can be recognised, development expenditure is charged to profit or loss in the period in which it is incurred. Subsequent to initial recognition, internally-generated intangible asset is measured at cost less accumulated amortisation and accumulated impairment losses (if any), on the same basis as intangible assets acquired separately.

**(p) Employee benefits****(i) *Defined contribution pension scheme***

Pensions to certain employees are provided through contributions to individual personal pension plans. A defined contribution plan is a pension plan under which the Target Group pays fixed contributions into an independent entity. The Target Group has no legal or constructive obligations to pay further contributions after payment of the fixed contribution.

The contributions recognised in respect of personal pension plans are expensed as they fall due. Liabilities and assets may be recognised if underpayment or prepayment has occurred and are included in current liabilities or current assets as they are normally of a short term nature.

(ii) *Other employee benefits*

Short-term employee benefits, including holiday entitlement, and other employee obligations at the undiscounted amount that the Target Group expects to pay as a result of the unused entitlement.

(iii) *Termination benefits*

Termination benefits are recognised when, and only when, the Target Group demonstrably commits itself to terminate employment or to provide benefits as a result of voluntary redundancy by having a detailed formal plan which is without realistic possibility of withdrawal.

**(q) Share-based employee remuneration**

The Target Company issues equity-settled, share-based payments to certain employees of subsidiary undertakings, detailed in note 10 to the Financial Information.

Equity-settled, share-based payments are measured at fair value at the date of grant and are recognised as an expense. The total amount to be expensed is determined by reference to the fair value of the options granted:

- including any market performance condition; (for example, an entity's share price);
- excluding the impact of any service and non-market performance vesting conditions (for example, profitability, sales growth targets and remaining an employee of the entity over a specified time period); and
- including the impact of any non-vesting conditions (for example, the requirement for employees to save).

Non-market performance and service conditions are included in assumptions about the number of options that are expected to vest. The total expense is recognised over the vesting period, which is the period over which all of the specified vesting conditions are to be satisfied.

At the end of each Relevant Period, the Target Group revises its estimates of the number of options that are expected to vest based on the non-market vesting conditions. It recognises the impact of the revision to original estimates, if any, in Consolidated Statement of Comprehensive Income, with a corresponding adjustment to equity.

Where a modification to previously granted equity-settled share-based payments increases the fair value of the equity instruments granted, the incremental fair value granted is included in the measurement of the amount recognised for the services received over the remainder of the vesting period. The incremental fair value is deemed to be the difference between the fair value of the modified equity instrument and that of the original equity instrument; both values are estimated as at the modification date. An expense based on the incremental fair value is recognised in addition to any amount in respect of the original instrument which continues to be recognised over the remainder of the original vesting period.

Where a modification decreases the fair value of the previously granted equity instruments, there is no change to the initial accounting.

**(r) Foreign currencies**

The Financial Information is presented in UK Sterling (“£”) which is the functional currency of the Target Company. All values are rounded to nearest thousand (“£’000”) except when otherwise indicated.

Transactions in foreign currencies are translated at the exchange rate ruling at the date of the transaction. Monetary assets and liabilities in foreign currencies are translated at the rates of exchange ruling at the end of each Relevant Period. Exchange differences are dealt with through the consolidated statement of comprehensive income. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing on the date when the fair value was determined and are reported as part of the fair value gain or loss. Non-monetary items that are measured at historical cost in a foreign currency are not retranslated.

**(s) Income taxes**

Current income tax assets and/or liabilities comprise those obligations to, or claims from, fiscal authorities relating to the current or prior reporting period, that are unpaid at the end of each Relevant Period. They are calculated according to the tax rates and tax laws applicable to the fiscal periods to which they relate, based on the taxable profit for the year.

Deferred income taxes are calculated using the liability method on temporary differences. This involves the comparison of the carrying amounts of assets and liabilities in the Financial Information with their respective tax bases. However, in accordance with the rules set out in HKAS 12, no deferred taxes are recognised in conjunction with the initial recognition of goodwill on acquisitions. In addition, tax losses available to be carried forward as well as other income tax credits to the Target Group are assessed for recognition as deferred tax assets.

The Target Group is entitled to a tax deduction for amounts treated as compensation on exercise of certain employee share options or vest of share awards under UK tax rules. As there is a temporary difference between the accounting and tax bases, a deferred tax asset is created. The deferred tax asset arising is calculated by comparing the estimated amount of tax deduction to be obtained in the future (based on the Target Company’s share price at the end of each Relevant Period) with the cumulative amount of the compensation expense recorded in the profit or loss. If the amount of estimated future tax deduction exceeds the cumulative amount of the compensation expense at the statutory rate, the excess is recorded directly in equity, against accumulated losses, where the deferred tax asset is recognised.

Deferred tax liabilities are always provided for in full. Deferred tax assets are recognised to the extent that it is probable that they will be able to be offset against future taxable income. Deferred tax assets and liabilities are calculated at tax rates that are expected to apply to their respective period of realisation, provided they are enacted or substantively enacted at the end of each Relevant Period.

Most changes in deferred tax assets or liabilities are recognised as a component of tax expense in the Consolidated Statement of Comprehensive Income. Only changes in deferred tax assets or liabilities that relate to a change in value of assets or liabilities that is charged directly to equity are charged or credited directly to equity.

**(t) Leases**

All of the Target Group's leases have the characteristics of operating leases. Payments on operating lease agreements are recognised as an expense on a straight-line basis in the Consolidated Statement of Comprehensive Income. Associated costs, such as maintenance and insurance, are expensed as incurred.

**(u) Borrowing costs**

Borrowing costs attributable directly to the acquisition, construction or production of qualifying assets which require a substantial period of time to be ready for their intended use or sale, are capitalised as part of the cost of those assets. Income earned on temporary investments of specific borrowings pending their expenditure on those assets is deducted from borrowing costs capitalised. All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

**(v) Related parties**

- (a) A person or a close member of that person's family is related to the Target Group if that person:
- (i) has control or joint control over the Target Group;
  - (ii) has significant influence over the Target Group; or
  - (iii) is a member of key management personnel of the Target Group or the Target Company's parent.
- (b) An entity is related to the Target Group if any of the following conditions apply:
- (i) The entity and the Target Group are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others).
  - (ii) One entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member).
  - (iii) Both entities are joint ventures of the same third party.
  - (iv) One entity is a joint venture of a third entity and the other entity is an associate of the third entity.

- (v) The entity is a post-employment benefit plan for the benefit of the employees of the Target Group or an entity related to the Target Group.
- (vi) The entity is controlled or jointly controlled by a person identified in (a).
- (vii) A person identified in (a)(i) has significant influence over the entity or is a member of key management personnel of the entity (or of a parent of the entity).

Close members of the family of a person are those family members who may be expected to influence, or be influenced by, that person in their dealings with the entity and include:

- (i) that person's children and spouse or domestic partner;
- (ii) children of that person's spouse or domestic partner; and
- (iii) dependents of that person or that person's spouse or domestic partner.

#### **4. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATES UNCERTAINTY**

Certain estimates and judgements need to be made by the directors of the Target Group which affect the results and position of the Target Group as reported in the Financial Information. Estimates and judgments are required for example, as at the reporting date, as not all liabilities have been settled and certain assets/liabilities are recorded at fair value which requires a number of estimates and assumptions to be made.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

- (i) Research and development costs

All research costs are charged to the statement of profit or loss as incurred. Expenditure incurred on projects to develop new products is capitalised and deferred only when the Target Group can demonstrate the technical feasibility of completing the intangible asset so that it will be available for use or sale, its intention to complete and its ability to use or sell the asset, how the asset will generate future economic benefits, the availability of resources to complete the project and the ability to measure reliably the expenditure during the development. Product development expenditure which does not meet these criteria is expensed when incurred. Determining the amounts of development costs to be capitalised requires the use of judgements and estimation.

(ii) Fair value of convertible loan notes

On the date of issue of convertible loan notes, the fair value of the liability component of convertible loan notes as initial recognition is determined using a discount rate applicable to the Target Group with reference to market information; and this amount is carried as a liability at amortised cost at the end of the reporting period in accordance with the accounting policy stated above.

Management of Plethora determines convertible notes issued by the Target Group containing both liability and conversion option components into respective items on initial recognition in accordance with the substance of the contractual arrangements. On initial recognition, the fair value of the liability component is determined using the prevailing market interest of similar non-convertible debts. The difference between the proceeds of the issue of the convertible notes and the fair value assigned to the liability component, representing the conversion option for the holder to convert into loan notes into equity. The judgements include consideration of inputs such as liquidity risk, credit risk and volatility. Changes in assumptions about these factors could affect the reported fair value of financial instruments.

(iii) Fair value of financial instruments

Some of the Target Group's assets and liabilities are measured at fair value for financial reporting purposes. The best evidence of fair value is quoted prices in an active market. Where quoted prices are not available for a particular financial instrument, the Target Group uses the values determined by the internal or external valuation techniques to estimate fair value. The use of methodologies, models and judgement by management, which may result in different fair values and results.

(iv) Going concern

The Financial Information has been prepared on a going concern basis, further details of which are set out in note 3(a) to the Financial Information.

## **5. SEGMENT REPORTING**

The Target Group was organised into two main business segments: the development of new pharmaceutical products known as "Plethora Development" and the sale and marketing of pharmaceutical and healthcare products in the UK and continental Europe known as the "Urology Co". Following the closure of The Urology Company Limited, formerly one of two segments within the Target Group, the subsidiary has been reclassified as "Discontinued Operations" throughout the Financial Information.

Unallocated corporate expenses represent shared property costs, in addition to background support services, such as finance, IT and marketing, and other corporate expenses which cannot be directly attributed to either business segment. Unallocated corporate assets comprise property, plant and equipment and other receivables. Unallocated corporate liabilities comprise other payables.

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**APPENDIX V ACCOUNTANT'S REPORT OF THE PLETHORA GROUP**

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The Target Group operates from a single geographical area, namely the United Kingdom.

	<b>Continuing activities</b>		
	<b>Plethora Development</b>	<b>Discontinued Operations</b>	<b>Total</b>
	<i>£'000</i>	<i>£'000</i>	<i>£'000</i>
<b>Year ended 31 December 2012</b>			
<b>(restated)</b>			
Revenue from external customers	—	—	—
Depreciation	(3)	—	(3)
Other operating costs	(611)	—	(611)
Loss from discontinued operations	—	(1,046)	(1,046)
<b>Reporting segment loss</b>	<u>(614)</u>	<u>(1,046)</u>	(1,660)
Finance income not allocated			1
Finance costs not allocated			(1,308)
Unallocated corporate expenses			<u>(905)</u>
<b>Loss before income tax including discontinued operations</b>			(3,872)
Income tax			<u>—</u>
<b>Loss for the year including discontinued operations</b>			<u>(3,872)</u>
Impairment of inventories	<u>—</u>	<u>(300)</u>	<u>(300)</u>
<b>Reportable segment assets</b>	<u>—</u>	<u>203</u>	203
Cash and cash equivalents			11
Unallocated corporate assets			<u>18</u>
<b>Total assets</b>			<u>232</u>
<b>Reportable segment liabilities</b>	<u>(611)</u>	<u>(509)</u>	(1,120)
Borrowings			(4,413)
Unallocated corporate liabilities			<u>(446)</u>
<b>Total liabilities</b>			<u>(5,979)</u>



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**APPENDIX V ACCOUNTANT'S REPORT OF THE PLETHORA GROUP**

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	<b>Continuing activities</b>		
	<b>Plethora Development</b>	<b>Discontinued Operations</b>	<b>Total</b>
	<i>£'000</i>	<i>£'000</i>	<i>£'000</i>
<b>Year ended 31 December 2013</b>			
Revenue from external customers	—	—	—
Depreciation	(1)	—	(1)
Other operating costs	(1,311)	—	(1,311)
Profit from discontinued operations	<u>—</u>	<u>255</u>	<u>255</u>
<b>Reportable segment (loss)/profit</b>	<u><u>(1,312)</u></u>	<u><u>255</u></u>	(1,057)
Finance income not allocated			2
Finance costs not allocated			(6,152)
Gain on 2013 debt restructuring			293
Unallocated corporate expenses			<u>(1,586)</u>
<b>Loss before income tax including discontinued operations</b>			(8,500)
Income tax			<u>—</u>
<b>Loss for the year including discontinued operations</b>			<u><u>(8,500)</u></u>
<b>Reportable segment assets</b>	<u><u>—</u></u>	<u><u>—</u></u>	—
Cash and cash equivalents			3,117
Unallocated corporate assets			<u>496</u>
<b>Total assets</b>			<u><u>3,613</u></u>
<b>Reportable segment liabilities</b>	<u><u>(216)</u></u>	<u><u>—</u></u>	(216)
Borrowings			(9,267)
Unallocated corporate liabilities			<u>(942)</u>
<b>Total liabilities</b>			<u><u>(10,425)</u></u>

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**APPENDIX V ACCOUNTANT'S REPORT OF THE PLETHORA GROUP**

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	<b>Continuing activities</b>		
	<b>Plethora Development</b>	<b>Discontinued Operations</b>	<b>Total</b>
	<i>£'000</i>	<i>£'000</i>	<i>£'000</i>
<b>Year ended 31 December 2014</b>			
Revenue from external customers	3,862	—	3,862
Depreciation	(6)	—	(6)
Other operating costs	(2,727)	—	(2,727)
Finance costs	(5)	—	(5)
Settlement residual royalty obligation — PSD502™	(15,390)	—	(15,390)
Profit from discontinued operations	<u>—</u>	<u>43</u>	<u>43</u>
<b>Reporting segment (loss)/profit</b>	<b><u>(14,266)</u></b>	<b><u>43</u></b>	<b>(14,223)</b>
Finance income not allocated			1,405
Finance costs not allocated			(928)
Unallocated corporate expenses			<u>(1,945)</u>
<b>Loss before income tax including discontinued operations</b>			<b>(15,691)</b>
Income tax			<u>—</u>
<b>Loss for the year including discontinued operations</b>			<b><u>(15,691)</u></b>
<b>Reportable segment assets</b>	<b><u>76</u></b>	<b><u>—</u></b>	<b>76</b>
Cash and cash equivalents			5,066
Unallocated corporate assets			<u>541</u>
<b>Total assets</b>			<b><u>5,683</u></b>
<b>Reportable segment liabilities</b>	<b><u>(605)</u></b>	<b><u>—</u></b>	<b>(605)</b>
Borrowings			(7,425)
Unallocated corporate liabilities			<u>(510)</u>
<b>Total liabilities</b>			<b><u>(8,540)</u></b>

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**APPENDIX V ACCOUNTANT'S REPORT OF THE PLETHORA GROUP**

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	<b>Continuing activities</b>		
	<b>Plethora Development</b>	<b>Discontinued Operations</b>	<b>Total</b>
	<i>£'000</i>	<i>£'000</i>	<i>£'000</i>
<b>Period ended 30 September 2014</b>			
<b>(unaudited)</b>			
Revenue from external customers	3,862	—	3,862
Other operating costs	(1,767)	—	(1,767)
Finance costs	(4)	—	(4)
Settlement residual royalty obligation — PSD502™	(15,390)	—	(15,390)
Profit from discontinued operations	—	43	43
<b>Reportable segment (loss)/profit</b>	<u>(13,299)</u>	<u>43</u>	(13,256)
Finance income not allocated			709
Finance costs not allocated			(624)
Unallocated corporate expenses			<u>(1,403)</u>
<b>(Loss)/Profit before income tax including discontinued operations</b>			(14,574)
Income tax			—
<b>(Loss)/Profit for the period including discontinued operations</b>			<u>(14,574)</u>
<b>Reportable segment assets</b>	<u>82</u>	<u>—</u>	82
Cash and cash equivalents			267
Unallocated corporate assets			<u>6,697</u>
<b>Total assets</b>			<u>7,046</u>
<b>Reportable segment liabilities</b>	<u>(425)</u>	<u>—</u>	(425)
Borrowings			(7,827)
Unallocated corporate liabilities			<u>(720)</u>
<b>Total liabilities</b>			<u>(8,972)</u>

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**APPENDIX V ACCOUNTANT'S REPORT OF THE PLETHORA GROUP**

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	<b>Continuing activities</b>		
	<b>Plethora Development</b>	<b>Discontinued Operations</b>	<b>Total</b>
	<i>£'000</i>	<i>£'000</i>	<i>£'000</i>
<b>Period ended 30 September 2015</b>			
Revenue from external customers	—	—	—
Depreciation	(11)	—	(11)
Other operating costs	(2,604)	—	(2,604)
Finance costs	<u>(4)</u>	<u>—</u>	<u>(4)</u>
<b>Reportable segment loss</b>	<u>(2,619)</u>	<u>—</u>	<u>(2,619)</u>
Finance income not allocated			3,206
Finance costs not allocated			(211)
Unallocated corporate expenses			<u>(1,480)</u>
<b>(Loss)/Profit for the period tax including discounted operations</b>			(1,104)
Income tax			<u>—</u>
<b>(Loss)/Profit for the period tax including discounted operations</b>			<u><u>(1,104)</u></u>
<b>Reportable segment assets</b>	<u>65</u>	<u>—</u>	65
Cash and cash equivalents			1,614
Unallocated corporate assets			<u>374</u>
<b>Total assets</b>			<u><u>2,053</u></u>
<b>Reportable segment liabilities</b>	<u>(279)</u>	<u>—</u>	(279)
Borrowings			(1,578)
Unallocated corporate liabilities			<u>(310)</u>
<b>Total liabilities</b>			<u><u>(2,167)</u></u>

**Information about a major customer**

The revenue for the periods ended 30 September 2014 and 30 September 2015 were approximately of £3,862,000 and nil respectively. Revenue of approximately nil, nil and £3,862,000 represented the turnover for the years ended 31 December 2012, 2013 and 2014, respectively, and were derived from a single external customer. All revenues are derived from the UK market.

**6. REVENUE**

An analysis of the Target Group's revenue is as follows:

	Year ended 31 December			Nine months ended	
	2012	2013	2014	30 September	2015
	£'000	£'000	£'000	£'000	£'000
	<i>(restated)</i>			<i>(unaudited)</i>	
Milestone income	—	—	3,862	3,862	—

**7. SETTLEMENT RESIDUAL ROYALTY OBLIGATION-PSD502™**

In September 2014, the Target Company entered into termination and release agreements with each of Shionogi and Paul Capital and a patent assignment agreement with the original patent holder in relation to residual royalty interests in PSD502™, such that the Target Company owns the entire economic benefit of all future revenue streams generated from the “out licensing” of PSD502™ in the future on a global basis (the “**Agreements**”).

As an extension to these Agreements, it was also agreed that all of the intellectual property rights of PSD502™ including the patent rights would be transferred to the Target Group. The total consideration of the Agreements was US\$25 million (equivalent to £15,390,000), of which payment of US\$250,000 to the original patent holder was deferred pending the formal completion of the transfer of the patents and Supplementary Protection Certificates' in the name of the Target Group during the year ended 31 December 2014. The cost of securing these rights of £15,390,000 has been expensed in the Financial Information for the nine months ended 30 September 2014 and year ended 31 December 2014.

**GAIN ON 2013 DEBT RESTRUCTURING**

In 2013, the Target Group recorded a credit of £293,000. This related to a debt restructuring that took place in 2013 (note 22) where the Target Group reclassified all its borrowings as convertible debt in line with the revised loan agreements. As a result of these changes, the Target Group recognised a gain in the consolidated statement of comprehensive income, which related to the extinguishment of the existing loans in exchange for the new loans. There was no tax impact owing to the losses in the Target Group.

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**APPENDIX V ACCOUNTANT'S REPORT OF THE PLETHORA GROUP**

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**8. OPERATING LOSS**

Operating loss is arrived at after charging/(crediting):

	Year ended 31 December			Nine months ended	
	2012	2013	2014	2014	2015
	£'000	£'000	£'000	£'000	£'000
					<i>(unaudited)</i>
<b>Auditor's remuneration</b>					
- Company	40	41	32	30	39
Other services:					
- audit of subsidiary undertakings	10	5	10	5	5
- other assurance-related services	7	8	8	6	7
- corporate taxation compliance	11	15	15	13	4
- tax advisory services	—	—	52	20	9
- other non-audit services	—	—	32	7	40
<b>Depreciation:</b>					
Property, plant and equipment	3	1	6	—	11
<b>Operating lease charges:</b>					
Land and buildings	64	18	8	6	7
Foreign exchange difference	—	30	(81)	32	87
<b>Employee benefits expense (including directors' remuneration):</b>					
- Wages, salaries and benefits including termination benefits	380	603	273	188	260
- social security costs	33	142	172	42	22
- other pension costs	12	26	—	—	—
- share-based compensation (note 10)	42	91	775	589	1,012
	<u>467</u>	<u>862</u>	<u>1,220</u>	<u>819</u>	<u>1,294</u>

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**APPENDIX V ACCOUNTANT'S REPORT OF THE PLETHORA GROUP**

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**9. DIRECTORS' AND EMPLOYEES' EMOLUMENTS**

During the Relevant Periods, the emoluments paid or payable to the Target Company's directors were as follows:

Year ended 31 December 2012

<b>Name of director</b>	<b>Fees</b>	<b>Salaries</b>	<b>Termination benefits</b>	<b>Pension</b>	<b>Share-based compensation</b>	<b>Total</b>
	<i>£'000</i>	<i>£'000</i>	<i>£'000</i>	<i>£'000</i>	<i>£'000</i>	<i>£'000</i>
Mr. W.J. Robinson	40	—	—	—	3	43
Mr. M.G. Wyllie	27	110	—	—	13	150
Mr. J.R. Openshaw	—	160	—	12	20	192
Mr. J. Mellon (appointed on 6 January 2012)	15	—	—	—	—	15
Mr. R. Horsman	30	—	—	—	—	30
	<u>112</u>	<u>270</u>	<u>—</u>	<u>12</u>	<u>36</u>	<u>430</u>

During 2012, £110,000 of the fees paid to Mr. M.G. Wyllie were paid to Mens Health Limited.

During 2012, £24,000 of the fees paid to Mr. R. Horsman were paid to High Lees Consulting Limited.

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**APPENDIX V ACCOUNTANT'S REPORT OF THE PLETHORA GROUP**

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Year ended 31 December 2013

Name of director	Termination		Share-based		Total	
	Fees	Salaries	benefits	Pension		compensation
	£'000	£'000	£'000	£'000	£'000	
Mr. W.J. Robinson (resigned on 1 July 2013)	26	—	—	—	2	28
Mr. M. Collis (appointed on 4 September 2013)	23	6	—	—	5	34
Mr. M.G. Wyllie	27	110	—	—	62	199
Mr. J.R. Openshaw (resigned on 30 November 2013)	—	146	217	22	16	401
Mr. J. Mellon	38	—	—	—	—	38
Mr. R. Horsman (resigned on 12 April 2013)	9	—	—	—	—	9
Mr. G. Bailey (appointed on 4 September 2013)	12	—	—	—	—	12
	<u>135</u>	<u>262</u>	<u>217</u>	<u>22</u>	<u>85</u>	<u>721</u>

During 2013, Mr. J.R. Openshaw resigned and his remuneration shown above represented his salary and termination settlement.

During 2013, Mr. W.J. Robinson resigned from the board, his remuneration of £26,000 represented his fees up to his resignation.

During 2013, £23,000 was paid to Maven Capital Partners (UK) LLP in respect of board fees for Mr. M. Collis representation of Maven Capital Partners (UK) LLP's interest on the board. The remaining £6,000 was paid to Arc Portfolio Management Limited for Mr. M. Collis's services as CFO. Mr. M. Collis is a director and sole shareholder of Arc Portfolio Management Limited.

During 2013, £110,000 of the fees paid to Mr. M.G. Wyllie were paid to Mens Health Limited. Mr. M.G. Wyllie is a director of Mens Health Limited.

During 2013, Mr. R. Horsman resigned. His remuneration of £9,000 shown above represented his fees up to his resignation, which were paid to High Lees Consulting Limited.



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**APPENDIX V ACCOUNTANT'S REPORT OF THE PLETHORA GROUP**

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During 2013, £12,000 of fees paid to Mr. G. Bailey were paid to Culminant Capital Inc. Mr. G. Bailey is a director and shareholder of Culminant Capital Inc.

Year ended 31 December 2014

Name of director	Termination		Share-based		Total	
	Fees	Salaries	benefits	Pension		
	£'000	£'000	£'000	£'000	£'000	
Mr. J. Gibson (appointed on 1 January 2014)	—	36	—	—	55	91
Mr. M. Collis	—	63	—	—	55	118
Mr. M.G. Wyllie	27	129	—	—	660	816
Mr. J. Mellon	40	—	—	—	—	40
Mr. G. Bailey	27	—	—	—	—	27
	<u>94</u>	<u>228</u>	<u>—</u>	<u>—</u>	<u>770</u>	<u>1,092</u>

During 2014, £110,000 of the fees paid to Mr. M.G. Wyllie were paid to Mens Health Limited and Global Pharma Consulting. Mr. M.G. Wyllie is a director of Mens Health and Global Pharma Consulting.

During 2014, £27,000 of fees paid to Mr. G. Bailey were paid to Culminant Capital Inc. Mr. G. Bailey is a director of Culminant Capital Inc.

During 2014, £27,000 was paid to Maven Capital Partners (UK) LLP in respect of board fees for Mr. M. Collis representation of Maven Capital Partners (UK) LLP's interest on the board. The remaining £36,000 was paid to Mr. M. Collis in the form of salary payments of £2,500 and £33,500 to Arc Portfolio Management Limited for Mr. M. Collis's services as CFO. Mr. M. Collis is a director and sole shareholder of Arc Portfolio Management Limited.

During 2014, £36,000 was paid to Regent Pacific Group Limited for Mr. J. Gibson's services following formal appointment as CEO on 1 January 2014.

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**APPENDIX V ACCOUNTANT'S REPORT OF THE PLETHORA GROUP**


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Nine months ended 30 September 2014 (unaudited)

Name of director	Termination		Share-based		Total	
	Fees	Salaries	benefits	Pension		compensation
	£'000	£'000	£'000	£'000	£'000	
Mr. J. Gibson (appointed on 1 January 2014)	—	27	—	—	41	68
Mr. M. Collis	20	27	—	—	41	88
Mr. M.G. Wyllie	20	83	—	—	495	598
Mr. J. Mellon	30	—	—	—	—	30
Mr. G. Bailey	20	—	—	—	—	20
	<u>90</u>	<u>137</u>	<u>—</u>	<u>—</u>	<u>577</u>	<u>804</u>

During the nine months ended 30 September 2014, £66,000 of the fees paid to Mr. M.G. Wyllie were paid to Mens Health Ltd and Global Pharma Consulting. Mr. M.G. Wyllie is a director of Mens Health and Global Pharma Consulting.

During the nine months ended 30 September 2014, £20,000 of fees paid to Mr. G. Bailey were paid to Culminant Capital Inc. Mr. G. Bailey is a director of Culminant Capital Inc.

During the nine months ended 30 September 2014, £20,000 was paid to Maven Capital Partners (UK) LLP in respect of board fees for Mr. M. Collis representation of Maven Capital Partners (UK) LLP's interest on the board. The remaining £27,000 was paid to Mr. M. Collis in the form of salary payments of £1,500 and £25,500 to Arc Portfolio Management Limited for Mr. M. Collis's services as CFO. Mr. M. Collis is a director and sole shareholder of Arc Portfolio Management Limited.

During the nine months ended 30 September 2014, £27,000 was paid to Regent Pacific Group Limited for Mr. J. Gibson's services following formal appointment as CEO on 1 January 2014.

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**APPENDIX V ACCOUNTANT'S REPORT OF THE PLETHORA GROUP**


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Nine months ended 30 September 2015

Name of director	Termination		Share-based		Total	
	Fees	Salaries	benefits	Pension		compensation
	£'000	£'000	£'000	£'000	£'000	
Mr. J. Gibson	—	38	—	—	488	526
Mr. M. Collis (resigned on 31 May 2015)	7	21	—	—	—	28
Mr. M.G. Wyllie	7	103	—	—	495	605
Mr. J. Mellon	30	—	—	—	14	44
Mr. G. Bailey	20	—	—	—	14	34
Mr. A. Baillieu	11	—	—	—	—	11
	<u>75</u>	<u>162</u>	<u>—</u>	<u>—</u>	<u>1,011</u>	<u>1,248</u>

During the nine months ended 30 September 2015, £27,000 of the fees paid to Mr. M.G. Wyllie were paid to Global Pharma Consulting. Mr. M.G. Wyllie is a director of Global Pharma Consulting.

During the nine months ended 30 September 2015, £20,000 of fees paid to Mr. G. Bailey were paid to Culminant Capital Inc. Mr. G. Bailey is a director of Culminant Capital Inc.

During the nine months ended 30 September 2015, £7,000 was paid to Maven Capital Partners (UK) LLP in respect of board fees for Mr. M. Collis representation of Maven Capital Partners (UK) LLP's interest on the board. The remaining £21,000 was paid to Mr. M. Collis in the form of salary payments of £13,000 and £8,000 to Arc Portfolio Management Limited for Mr. M. Collis's services as CFO. Mr. M. Collis is a director and sole shareholder of Arc Portfolio Management Limited. Mr. M. Collis resigned as the director on 31 May 2015.

During the nine months ended 30 September 2015, £38,000 was paid to Regent Pacific Group Limited for Mr. J. Gibson's services following formal appointment as CEO on 1 January 2014.

There was no arrangement under which a director waived or agreed to waive any remuneration during the Relevant Periods.

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**APPENDIX V                      ACCOUNTANT’S REPORT OF THE PLETHORA GROUP**

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During the Relevant Periods, of the five highest paid individuals, the number of directors and staff of the Target Group are as follows:

	<b>Year ended 31 December</b>			<b>Nine months ended 30 September</b>	
	<b>2012</b>	<b>2013</b>	<b>2014</b>	<b>2014</b>	<b>2015</b>
	<i>Number of individuals</i>	<i>Number of individuals</i>	<i>Number of individuals</i>	<i>Number of individuals (unaudited)</i>	<i>Number of individuals</i>
Directors	4	3	4	4	4
Staff	<u>1</u>	<u>2</u>	<u>1</u>	<u>1</u>	<u>1</u>
	<u>5</u>	<u>5</u>	<u>5</u>	<u>5</u>	<u>5</u>

The total emoluments payable to the five highest paid individuals during the Relevant Periods are as follows:

	<b>Year ended 31 December</b>			<b>Nine months ended 30 September</b>	
	<b>2012</b>	<b>2013</b>	<b>2014</b>	<b>2014</b>	<b>2015</b>
	<i>£'000</i>	<i>£'000</i>	<i>£'000</i>	<i>£'000</i>	<i>£'000</i>
Wages and salaries	391	439	363	278	289
Termination benefits	—	217	—	—	—
Pension	12	26	—	—	—
Share-based compensation	<u>42</u>	<u>84</u>	<u>775</u>	<u>587</u>	<u>1,012</u>
	<u>445</u>	<u>766</u>	<u>1,138</u>	<u>865</u>	<u>1,301</u>

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The above emoluments of the top five individuals during the Relevant Periods fell within the following bands:

	Number of individuals				
	Year ended 31 December			Nine months ended 30 September	
	2012	2013	2014	2014	2015
	<i>(unaudited)</i>				
Nil to £84,082 (Nil to HK\$1,000,000)	3*	3 <sup>#</sup>	2*	3	3
£84,083 to £126,123 (HK\$1,000,001 to HK\$1,500,000)	—	—	2	1	—
£126,124 to £168,164 (HK\$1,500,001 to HK\$2,000,000)	1	—	—	—	—
£168,165 to £210,205 (HK\$2,000,001 to HK\$2,500,000)	1	1	—	—	1
£378,371 to £420,412 (HK\$4,500,001 to HK\$5,000,000)	—	1	—	1	1
£798,783 to £840,824 (HK\$9,500,001 to HK\$10,000,000)	—	—	1	—	—
	<u>5</u>	<u>5</u>	<u>5</u>	<u>5</u>	<u>5</u>

\* One of them is the staff of the Target Group.

# Two of them are the staff of the Target Group.

During the Relevant Periods, no emoluments were paid by the Target Group to the directors or the five highest paid individuals as an inducement to join or upon joining the Target Group or as compensation for loss of office.

The emoluments paid or payable to members of senior management who are not directors were within the following bands:

	Number of individuals				
	Year ended 31 December			Nine months ended 30 September	
	2012	2013	2014	2014	2015
	<i>(unaudited)</i>				
Nil to £84,082 (Nil to HK\$1,000,000)	<u>3</u>	<u>3</u>	<u>1</u>	<u>1</u>	<u>2</u>

**10. SHARE-BASED EMPLOYEE REMUNERATION**

Share options have been granted to directors and employees under the Executive Share Option Scheme and the Long Term Incentive Plan:

i. Executive Share Option Scheme (“ESOP”)

The ESOP is available to all employees and directors of the Target Group subject to the discretion of the Remuneration Committee of the Company and subject to the rules of the scheme, the key points of which are as follows:

- options are granted for the shares of the Target Company to employees of subsidiary companies;
- options are exercisable between three and ten years of being granted;
- options vest on the third anniversary of the date of grant;
- except in certain limited circumstances, all options lapse if an employee leaves the Target Group; and
- exercise of options is not subject to any specific performance criteria.

All share based employee remuneration will be settled in equity. The Target Group has no other legal or constructive obligation to repurchase or settle the options in cash.

	Year ended 31 December						Nine months ended 30 September			
	2012		2013		2014		2014		2015	
	<i>Weighted average exercise price</i>	<i>Number of options</i>	<i>Weighted average exercise price</i>	<i>Number of options</i>	<i>Weighted average exercise price</i>	<i>Number of options</i>	<i>Weighted average exercise price</i>	<i>Number of options</i>	<i>Weighted average exercise price</i>	<i>Number of options</i>
	<i>(pence)</i>		<i>(pence)</i>		<i>(pence)</i>	<i>(pence)</i>	<i>(pence)</i>	<i>(pence)</i>	<i>(pence)</i>	<i>(pence)</i>
At 1 January	2,118,658	90	2,118,658	90	563,103	124	563,103	124	201,031	99
Lapsed	—	—	(1,555,555)	77	(362,072)	138	(362,072)	138	(68,571)	175
At 31 December/30 September	<u>2,118,658</u>	<u>90</u>	<u>563,103</u>	<u>124</u>	<u>201,031</u>	<u>99</u>	<u>201,031</u>	<u>99</u>	<u>132,460</u>	<u>59</u>

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The outstanding options may be analysed as follows:

	As at 31 December				As at 30 September			
	2012		2013		2014		2015	
	<i>Number of options</i>	<i>Weighted average exercise price (pence)</i>	<i>Number of options</i>	<i>Weighted average exercise price (pence)</i>	<i>Number of options</i>	<i>Weighted average exercise price (pence)</i>	<i>Number of options</i>	<i>Weighted average exercise price (pence)</i>
Vested and exercisable	<u>2,118,658</u>	<u>90</u>	<u>563,103</u>	<u>124</u>	<u>201,031</u>	<u>99</u>	<u>132,460</u>	<u>59</u>

Share options outstanding at the end of each Relevant Period have the following expiry date and exercise prices.

Vesting/(Expiry) date	Exercise price in pence per share	As at 31 December			As at 30 September
		2012	2013	2014	2015
		Number	Number	Number	Number
2008 (up to 2013)	77	1,555,555	—	—	—
2009 (up to 2014)	202	100,000	100,000	—	—
2010 (up to 2015)	175	192,857	192,857	68,571	—
2011 (up to 2016)	59	<u>270,246</u>	<u>270,246</u>	<u>132,460</u>	<u>132,460</u>
		<u>2,118,658</u>	<u>563,103</u>	<u>201,031</u>	<u>132,460</u>

The weighted average remaining contractual life of the outstanding options as at 31 December 2012, 2013 and 2014 and 30 September 2015 was 5 years and 2 months, 2 years and 4 months, 1 year and 4 months and 1 month respectively.

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**APPENDIX V ACCOUNTANT'S REPORT OF THE PLETHORA GROUP**

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At the end of each Relevant Period, the following options were held by the directors under the ESOP:

	<b>At beginning of the year/period</b>	<b>Lapsed in the year/period</b>	<b>At end of the year/ period</b>	<b>Exercise price</b>
<b>As at 31 December 2012</b>				
Mr. M.G. Wyllie	<u>724,491</u>	<u>—</u>	<u>724,491</u>	<u>59p to 202p</u>
<b>As at 31 December 2013</b>				
Mr. M.G. Wyllie	<u>724,491</u>	<u>(444,444)</u>	<u>280,047</u>	<u>59p to 202p</u>
<b>As at 31 December 2014</b>				
Mr. M.G. Wyllie	<u>280,047</u>	<u>(100,000)</u>	<u>180,047</u>	<u>59p to 202p</u>
<b>As at 30 September 2015</b>				
Mr. M.G. Wyllie	<u>180,047</u>	<u>(68,571)</u>	<u>111,476</u>	<u>59p to 202p</u>

The share options may be exercised in whole or in part at any time during the period between the third and tenth anniversary of the date of grant.

The market price as at 31 December 2012, 2013, and 2014 and 30 September 2015 was 4.62p, 12.62p, 7.38p and 2.88p, respectively, and the range during the years ended 31 December 2012, 2013 and 2014 and the nine months ended 30 September 2015 was 2.5p to 6.38p, 1.35p to 18.25p, 5.12p to 13.75p and 2.88p to 7.63p, respectively.

ii. Long Term Incentive Plan (the “LTIP” or “Plan”)

The LTIP is available to all employees and directors of the Target Group subject to the discretion of the Remuneration Committee of the Target Company, with awards recommended by the board of directors for key employees. Related options will vest in the event that certain performance targets are met.

2013 Awards are made subject to the following rules:

- awards are granted for the shares of the Target Company to employees of subsidiary companies;
- awards may only be granted within the period of six weeks beginning with the date on which the Plan is approved by shareholders in general meeting and after that within the period of six weeks beginning with the dealing day next following the date on



which the Target Company announces its annual or half-yearly results, or at any other time that the Remuneration Committee may in exceptional circumstances determine; and within the period of 10 years beginning with the date on which the Plan is approved by the shareholders in general meeting;

- the price per share at which a participant acquires shares subject to an award is nil and no consideration shall be payable at any time in respect of allocated shares;
- awards granted to senior employees shall be subject to performance conditions specified by the Remuneration Committee in the award certificate; and
- awards vest on the earlier of an exit or leaving event subject to “good leaver/bad leaver” provisions.

In 2014, new awards under the LTIP were made on 19 December 2014 which replaced previous awards made on 17 November, 27 November and 10 December 2013. All of the directors who received 2014 awards had the same terms and vesting conditions.

Three key provisions for new 2014 LTIP awards were:

- Vesting period of 36 months or 3 years (“**Performance Period**”);
- 7 Performance conditions the directors must meet in order to accrue an entitlement to receive their awards under the LTIP; and a special consideration for condition number 7 (change in control), whereby if this is met all the other 6 conditions are deemed to have been fulfilled:

<b>Condition number</b>	<b>Entitlement event</b>	<b>Percentage of allocated award</b>
(1)	Acquisition of royalty rights from PCH and Shionogi	11.11%
(2)	Completion of US\$30 million placement in August 2014	11.11%
(3)	Securing first commercialisation agreement with Recordati	11.11%
(4)	Production of first GMP manufactured batch	11.11%
(5)	FDA approval of PSD502™	11.11%
(6)	Securing commercialisation agreement for the USA	11.11%
(7)	Exit event or sale of PSD502™ intellectual property rights	33.33%

- the entitlement to awards under the LTIP would only vest upon earlier of change in control of Plethora or an individual leaving before such an event on acceptable terms or at the end of the Performance Period.

Although the new 2014 LTIP share awards were granted on 19 December 2014, no charge was made to the income statement for share-based payment expense for the year ended 31 December 2014 in respect of awards which were considered modifications of original 2013 awards as the effect was not considered material.

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This was accounted for as a modification of original awards in accordance with HKFRS 2 “Share-based payments”.

<b>Date of grant</b>	<b>2013 LTIP 17 November 2013</b>	<b>2013 LTIP 27 November 2013</b>	<b>2013 LTIP 10 December 2013</b>
Share price at grant date	16.29p	13.75p	12.25p
Exercise price	—	—	—
Number of employees	1	1	2
Shares under options	100,000	16,000,000	1,000,000
Vesting periods (months)	12	24.05	12
Expected volatility (expressed as standard deviation of expected share price returns)	81%	81%	81%
Expected option life (months)	120	120	120
Risk free interest rate (based on national Government bonds)	3.0%	3.0%	3.0%
Dividend yield	0%	0%	0%
Fair value per option	16p	14p	12p

The fair value of services received in return for share options granted was measured by reference to the fair value of share options granted. The estimate of the fair value of services received was measured based on the Black-Scholes valuation model. The significant inputs into the model for each grant were:

<b>Date of grant</b>	<b>2013 LTIP 27 November 2013</b>	<b>2014 LTIP 19 December 2014</b>
Share price at grant date	13.75p	6.25p
Exercise price	—	—
Number of employees	1	5
Shares under options	16,000,000	38,200,000
Vesting periods (months)	24.05	24.03
Expected volatility (expressed as standard deviation of expected share price returns)	81%	80%
Expected option life (months)	120	36
Risk free interest rate (based on national Government bonds)	3.0%	0.5%
Dividend yield	0%	0%
Fair value per option	14p	6p

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**APPENDIX V ACCOUNTANT'S REPORT OF THE PLETHORA GROUP**

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There are no exercise of awards for the year ended 2012, 2014 and the nine months period ended 30 September 2014 and 2015. The 2013 weighted average share price at the date of exercise of awards as follows:

	<b>As at 31 December 2013</b>	
	<b>Number of exercise of awards</b>	<b>Weighted average share price (pence)</b>
Vested and exercisable	<u>1,355,975</u>	<u>6.039</u>

Movements in the total number of awards outstanding under the LTIP at the end of each Relevant Period were as follows:

	<b>Year ended 31 December</b>			<b>Nine months ended 30 September</b>	
	<b>2012</b>	<b>2013</b>	<b>2014</b>	<b>2014</b>	<b>2015</b>
	<i>Number of options</i>	<i>Number of options</i>	<i>Number of options</i>	<i>Number of options</i>	<i>Number of options</i>
				<i>(unaudited)</i>	
At 1 January	1,343,600	1,343,600	17,100,000	17,100,000	54,200,000
Granted	—	17,160,000	38,200,000	38,200,000	—
Exercised	—	(1,355,975)	—	—	—
Lapsed	—	(47,625)	(1,100,000)	(1,100,000)	—
At 31 December/ 30 September	<u>1,343,600</u>	<u>17,100,000</u>	<u>54,200,000</u>	<u>54,200,000</u>	<u>54,200,000</u>

During 2013, the defining criteria of the LTIP award for one employee were waived by the board resulting in a 100% vesting of the LTIP award, hence the additional grant noted for the 2010 awards.

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**APPENDIX V ACCOUNTANT'S REPORT OF THE PLETHORA GROUP**

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During the Relevant Periods, the outstanding awards may be analysed as follows:

<b>Date of award</b>	<b>At 1 January 2012</b>	<b>Lapsed</b>	<b>Granted</b>	<b>Exercised</b>	<b>At 31 December 2012</b>	<b>Market price at date of award</b>	<b>Market price on vesting</b>
30 June 2010	770,750	—	—	—	770,750	12.75p	1.875p
20 December 2010	<u>572,850</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>572,850</u>	10.12p	13.625p
	<u>1,343,600</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>1,343,600</u>		

There were no share option grants during 2012.

In total £42,000 of employee remuneration expense was charged to the consolidated statement of comprehensive income for the year ended 31 December 2012 which was recorded in the share-based payment reserve. No liabilities were recognised due to share-based payment transactions.

<b>Date of award</b>	<b>At 1 January 2013</b>	<b>Lapsed</b>	<b>Granted</b>	<b>Exercised</b>	<b>At 31 December 2013</b>	<b>Market price at date of award</b>	<b>Market price on vesting</b>
30 June 2010	770,750	—	30,000	(800,750)	—	12.75p	1.875p
20 December 2010	572,850	(47,625)	30,000	(555,225)	—	10.12p	13.625p
17 November 2013	—	—	100,000	—	100,000	16.29p	—
27 November 2013	—	—	16,000,000	—	16,000,000	13.75p	—
10 December 2013	<u>—</u>	<u>—</u>	<u>1,000,000</u>	<u>—</u>	<u>1,000,000</u>	12.25p	—
	<u>1,343,600</u>	<u>(47,625)</u>	<u>17,160,000</u>	<u>(1,355,975)</u>	<u>17,100,000</u>		

Share options are granted under a service condition. Such conditions are not taken into account in the fair value measurement of the services received. There are no market conditions associated with the share option grants.

Volatility is estimated based on the historical volatility of the Target Company's share price at the grant date. Share options are granted under a service condition. Such conditions are not taken into account in the fair value measurement of the services received. There are no market conditions associated with the share option grants.

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In total, £91,000 of employee remuneration expense was charged to the consolidated statement of comprehensive income for the year ended 31 December 2013 which was recorded in the share-based payment reserve. No liabilities were recognised due to share-based payment transactions.

Date of award	At 1 January				At 31 December 2014 <i>(Unaudited)</i>	Market price at date of award	Market price on vesting
	2014	Cancelled	Granted	Exercised			
17 November 2013	100,000	(100,000)	—	—	—	16.29p	—
27 November 2013	16,000,000	—	—	—	16,000,000	13.75p	—
10 December 2013	1,000,000	(1,000,000)	—	—	—	12.25p	—
19 December 2014	—	—	38,200,000	—	38,200,000	6.25p	—
	<u>17,100,000</u>	<u>(1,100,000)</u>	<u>38,200,000</u>	<u>—</u>	<u>54,200,000</u>		

For those options granted in prior years volatility was estimated based on the historical volatility of the Target Company's share price. Share options are granted under a service condition. Such conditions are not taken into account in the fair value measurement of the services received. There are no market conditions associated with the share option grants.

Volatility is estimated based on the historical volatility of the Target Company's share price at the grant date. Share options are granted under a service condition. Such conditions are not taken into account in the fair value measurement of the services received. There are no market conditions associated with the share option grants.

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**APPENDIX V ACCOUNTANT'S REPORT OF THE PLETHORA GROUP**

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In total, £775,000 of employee remuneration expense was charged to the consolidated statement of comprehensive income for the year ended 31 December 2014 (which was recorded in the share-based payment reserve. No liabilities were recognised due to share-based payment transactions.

<b>Date of award</b>	<b>At 1 January 2014</b>	<b>Cancelled</b>	<b>Granted</b>	<b>Exercised</b>	<b>At 30 September 2014</b>	<b>Market price at date of award</b>	<b>Market price on vesting</b>
					<i>(Unaudited)</i>		
17 November 2013	100,000	(100,000)	—	—	—	16.29p	—
27 November 2013	16,000,000	—	—	—	16,000,000	13.75p	—
10 December 2013	<u>1,000,000</u>	<u>(1,000,000)</u>	<u>—</u>	<u>—</u>	<u>—</u>	6.25p	—
	<u>17,100,000</u>	<u>(1,100,000)</u>	<u>—</u>	<u>—</u>	<u>16,000,000</u>		

There were no share option grants during the nine months period ended 30 September 2014.

In total, £589,000 of employee remuneration expense was charged to the consolidated statement of comprehensive income for the nine months ended 30 September 2014 (which was recorded in the share-based payment reserve). No liabilities were recognised due to share-based payment transactions.

<b>Date of award</b>	<b>At 1 January 2015</b>	<b>Cancelled</b>	<b>Granted</b>	<b>Exercised</b>	<b>At 30 September 2015</b>	<b>Market price at date of award</b>	<b>Market price on vesting</b>
27 November 2013	16,000,000	—	—	—	16,000,000	13.75p	—
19 December 2014	<u>38,200,000</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>38,200,000</u>	6.25p	—
	<u>54,200,000</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>54,200,000</u>		

There were no share option grants during the nine months period ended 30 September 2015.

In total, £1,012,000 of employee remuneration expense was charged to the consolidated statement of comprehensive income for the nine months ended 30 September 2015 (which was recorded in the share-based payment reserve). No liabilities were recognised due to share-based payment transactions.

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At the end of each Relevant Period, the following awards were held by the directors under LTIP:

<b>At 31 December 2012</b>	<b>At 1 January 2012</b>	<b>Lapsed</b>	<b>Granted</b>	<b>Exercised</b>	<b>At 31 December 2012</b>
Mr. W.J. Robinson	110,375	—	—	—	110,375
Mr. J.R. Openshaw	254,625	—	—	—	254,625
Mr. M.G. Wyllie	<u>405,800</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>405,800</u>
	<u>770,800</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>770,800</u>

<b>At 31 December 2013</b>	<b>At 1 January 2013</b>	<b>Lapsed</b>	<b>Granted</b>	<b>Exercised</b>	<b>At 31 December 2013</b>
Mr. W.J. Robinson (resigned on 1 July 2013)	110,375	(47,625)	—	(62,750)	—
Mr. J.R. Openshaw (resigned on 30 November 2013)	254,625	—	—	(254,625)	—
Mr. M. Collis (appointed on 4 September 2013)	—	—	500,000	—	500,000
Mr. M.G. Wyllie	<u>405,800</u>	<u>—</u>	<u>16,000,000</u>	<u>(405,800)</u>	<u>16,000,000</u>
	<u>770,800</u>	<u>(47,625)</u>	<u>16,500,000</u>	<u>(723,175)</u>	<u>16,500,000</u>

During 2013, 500,000 shares under the LTIP (“LTIPs”) were granted to Regent Pacific Group Limited on behalf of Mr. J. Gibson’s services as CEO. Mr. J. Gibson is CEO of Regent Pacific Group Limited. The LTIP are subject to the attainment of performance criteria linked to the Target Group’s performance.

During 2013, 500,000 LTIPs were granted to Arc Portfolio Management Limited on behalf of Mr. M. Collis’s services as CFO. Mr. M. Collis is a director and sole shareholder of Arc Portfolio Management Limited. The LTIP are subject to the attainment of performance criteria linked to the Target Group’s performance.

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During 2013, the Remuneration Committee decided to conditionally award 16,000,000 LTIPs to Mr. M.G. Wyllie, in recognition of the contribution required from him to begin the manufacture of the PSD502™, securing regulatory approval in the USA and completing the process of commercialising the product.

In addition to the LTIP awarded in 2010, Mr. J.R. Openshaw was granted 9,400,000 shares on 16 September 2013 of which 4,000,000 were granted on 27 November 2013 and 5,400,000 lapsed before the year end.

<b>At 31 December 2014</b>	<b>At 1 January 2014</b>	<b>Cancelled</b>	<b>Granted</b>	<b>Exercised</b>	<b>At 31 December 2014</b>
Mr. J. Gibson (appointed on 1 January 2014)	500,000	(500,000)	35,000,000	—	35,000,000
Mr. J. Mellon	—	—	1,000,000	—	1,000,000
Mr. G. Bailey	—	—	1,000,000	—	1,000,000
Mr. M. Collis	500,000	(500,000)	1,000,000	—	1,000,000
Mr. M.G. Wyllie	<u>16,000,000</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>16,000,000</u>
	<u>17,000,000</u>	<u>(1,000,000)</u>	<u>38,000,000</u>	<u>—</u>	<u>54,000,000</u>

During 2014, The Target Company announced that it had approved amendments to the LTIP to ensure key managers are appropriately remunerated and incentivised to enable the Target Company to achieve its strategic objectives. These arrangements replaced any previous entitlements in place in relation to the LTIP as they applied to these individuals.

During 2014, 35,000,000 options were granted in relation to Mr. J. Gibson's forthcoming services as CEO. The options are subject to the attainment of certain performance criteria linked to the Group's performance. This grant replaces an earlier award of 500,000 options issued in favour of Regent Pacific Group Limited which employs Mr. J. Gibson as CEO and an executive director. The new options have been granted to Mr. J. Gibson personally.

During 2014, 1,000,000 options were granted to Mr. M. Collis. The options are subject to the attainment of certain performance criteria linked to the Target Group's performance. This grant replaces an earlier award of 500,000 issued in favour of Arc Portfolio Management Limited, which employs Mr. M. Collis as a director.

During 2014, 1,000,000 options were granted to Mr. G. Bailey for his services as a non-executive director. The options are subject to the attainment of certain performance criteria linked to the Target Group's performance.



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**APPENDIX V ACCOUNTANT'S REPORT OF THE PLETHORA GROUP**

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During 2014, 1,000,000 options were granted to Mr. J. Mellon for his services as a Chairman of the Board. The options are subject to the attainment of certain performance criteria linked to the Target Group's performance.

<b>At 30 September 2014 (unaudited)</b>	<b>At 1 January 2014</b>	<b>Cancelled</b>	<b>Granted</b>	<b>Exercised</b>	<b>At 30 September 2014</b>
Mr. J. Gibson (appointed on 1 January 2014)	500,000	—	—	—	500,000
Mr. J. Mellon	—	—	—	—	—
Mr. G. Bailey	—	—	—	—	—
Mr. M. Collis	500,000	—	—	—	500,000
Mr. M.G. Wyllie	<u>16,000,000</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>16,000,000</u>
	<u>17,000,000</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>17,000,000</u>

<b>At 30 September 2015</b>	<b>At 1 January 2015</b>	<b>Cancelled</b>	<b>Granted</b>	<b>Exercised</b>	<b>At 30 September 2015</b>
Mr. J. Gibson	35,000,000	—	—	—	35,000,000
Mr. J. Mellon	1,000,000	—	—	—	1,000,000
Mr. G. Bailey	1,000,000	—	—	—	1,000,000
Mr. M. Collis (resigned on 31 May 2015)	1,000,000	—	—	—	1,000,000
Mr. M.G. Wyllie	<u>16,000,000</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>16,000,000</u>
	<u>54,000,000</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>54,000,000</u>

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**11. FINANCE COSTS AND INCOME**

	Year ended 31 December			Nine months ended 30 September	
	2012 £'000	2013 £'000	2014 £'000	2014 £'000	2015 £'000
				<i>(unaudited)</i>	
Effective interest charge on borrowings	(994)	(919)	(933)	(628)	(215)
Fair value loss on revaluation of loan warrants	<u>(314)</u>	<u>(5,233)</u>	<u>—</u>	<u>—</u>	<u>—</u>
<b>Finance costs from continuing activities</b>	<u><u>(1,308)</u></u>	<u><u>(6,152)</u></u>	<u><u>(933)</u></u>	<u><u>(628)</u></u>	<u><u>(215)</u></u>
Bank interest income	1	2	3	2	2
Others	—	—	—	—	13
Fair value gain on revaluation of loan warrants	<u>—</u>	<u>—</u>	<u>1,402</u>	<u>707</u>	<u>3,204</u>
<b>Finance income from continuing activities</b>	<u><u>1</u></u>	<u><u>2</u></u>	<u><u>1,405</u></u>	<u><u>709</u></u>	<u><u>3,219</u></u>

For the nine months ended 30 September 2015, the Target Group recorded an exceptional credit of £13,000 which related to the defer of £340,000 of Mr. J. Mellon's entitlement under the loan notes into a new convertible loan note that will accrue a yield of 5% per annum payable quarterly in arrears in cash and to be repaid on 31 March 2020 (note 22). As a result, the Target Group recognised a gain in the consolidated statement of comprehensive income for the nine months ended 30 September 2015.

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**12. INCOME TAX**

The tax is based on the loss for the year/period and represents:

	Year ended 31 December			Nine months ended 30 September	
	2012 £'000	2013 £'000	2014 £'000	2014 £'000	2015 £'000
UK corporation tax:					
Current tax credit for the year/period	—	—	—	—	—
Deferred taxation (note 19)	—	—	—	—	—
Tax on loss on continuing operations	—	—	—	—	—

The tax assessed differs from the effective rate of corporation tax in the UK of 24.5%, 23.25%, 21.50% and 20.33% for years ended 31 December 2012, 2013 and 2014 and the nine months ended 30 September 2015, respectively. The differences are explained as follows:

	Year ended 31 December			Nine months ended 30 September	
	2012 £'000 (restated)	2013 £'000	2014 £'000	2014 £'000 (unaudited)	2015 £'000
Loss from continuing operations for the year/period before income tax	(2,826)	(8,755)	(15,734)	(14,617)	(1,104)
Loss on ordinary activities multiplied by the effective rate of corporation tax during the year/period in the UK	(692)	(2,036)	(3,382)	(3,156)	(221)
Effect of:					
Expenses not deductible for tax purposes	227	22	167	128	206
Depreciation in excess of capital allowances	5	—	—	—	—
Unutilised tax losses	460	2,014	3,215	3,028	15
Income tax	—	—	—	—	—

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The Target Group had tax losses of £29,670,000, £33,820,000, £50,173,000 and £49,833,000 to offset against future profits within the United Kingdom as at 31 December 2012, 2013 and 2014 and 30 September 2015, respectively.

The standard rate of corporation tax in the UK changed from 26% to 24% with effect from 1 April 2012, from 24% to 23% with effect from 1 April 2013 and from 23% to 21% with effect from 1 April 2014. Accordingly, the Target Group's losses for accounting year are taxed at an effective rate of 24.5%, 23.25%, 21.5% and 20.33% for years ended 31 December 2012, 2013 and 2014 and the nine months ended 30 September 2015.

A further reduction in the main rate of corporation tax in the UK by 1% to 20% by 1 April 2015 has also been enacted. These changes have not had a material impact on the Financial Information.

### 13. LOSSES/(EARNINGS) PER ORDINARY SHARE

The calculation of the basic and diluted loss per share is based on the loss for the year/period and on the weighted average number of ordinary shares in issue during the year/period. The losses and weighted average number of shares used in the calculations are set out below:

	Year ended 31 December						Nine months ended 30 September			
	2012		2013		2014		2014		2015	
	Loss	Loss per share	Loss	Loss per share	Loss	Loss per share	Loss	Loss per share	Loss	Loss per share
	£'000	pence	£'000	pence	£'000	pence	£'000	pence	£'000	pence
	<i>(unaudited)</i>									
Loss from continuing operations	(2,826)	(1.4)p	(8,755)	(2.7)p	(15,734)	(3.2)p	(14,617)	(3.5)p	(1,104)	(0.1)p
(Loss)/Profit from discontinued operations	(1,046)	(0.5)p	255	0.1p	43	0.0p	43	0.0p	—	—
Basic and total loss per share	<u>(3,872)</u>	<u>(1.9)p</u>	<u>(8,500)</u>	<u>(2.6)p</u>	<u>(15,691)</u>	<u>(3.2)p</u>	<u>(14,574)</u>	<u>(3.5)p</u>	<u>(1,104)</u>	<u>(0.1)p</u>
Diluted and total loss per share	<u>(3,872)</u>	<u>(1.9)p</u>	<u>(8,500)</u>	<u>(2.6)p</u>	<u>(15,691)</u>	<u>(3.2)p</u>	<u>(14,574)</u>	<u>(3.5)p</u>	<u>(1,104)</u>	<u>(0.1)p</u>
Basic and diluted weighted average number of shares (number)	<u>205,702,249</u>		<u>320,551,106</u>		<u>489,279,789</u>		<u>415,274,578</u>		<u>772,220,676</u>	

Diluted loss per share takes into account the dilutive effect of share options to the extent they are in the money and convertible loan notes. The dilutive effect on the loss per share for the years ended 31 December 2012, 2013 and 2014 and the nine months ended 30 September 2014 and 2015 and is not shown as the effect on the loss per share of share options and convertible loans is anti-dilutive on the loss.

**14. PROPERTY, PLANT AND EQUIPMENT**

**The Target Group**

	<b>Fixtures, fittings, computers and equipment</b> <i>£'000</i>
<hr/>	
<b>Cost</b>	
As at 1 January 2012	94
Disposals	<u>(46)</u>
As at 31 December 2012, 1 January 2013, 31 December 2013 and 1 January 2014	48
Additions	82
Disposals	<u>(48)</u>
As at 31 December 2014, 1 January 2015, and 30 September 2015	<u>82</u>
<b>Accumulated depreciation</b>	
As at 1 January 2012	90
Charge for the year	3
Eliminated on disposals	<u>(46)</u>
As at 31 December 2012 and 1 January 2013	47
Charge for the year	<u>1</u>
At 31 December 2013 and 1 January 2014	48
Charge for the year	6
Disposals	<u>(48)</u>
As at 31 December 2014 and 1 January 2015	6
Charge for the period	<u>11</u>
At 30 September 2015	<u>17</u>
<b>Net book value</b>	
As at 31 December 2012	<u>1</u>
As at 31 December 2013	<u>—</u>
As at 31 December 2014	<u>76</u>
As at 30 September 2015	<u>65</u>

During the year ended 31 December 2012, the board reviewed its property, plant and equipment and treated as disposed assets with costs of £46,000 which were obsolete and/or no longer in use within the Target Group. The assets were fully depreciated prior to 2012 and there was no effect on the net book value of property, plant and equipment.

**15. INTERESTS IN SUBSIDIARIES**

**The Target Company**

	As at 31 December			As at 30 September
	2012 £'000	2013 £'000	2014 £'000	2015 £'000
<b>Cost</b>				
At 1 January	79,268	79,288	79,350	80,010
Additions	<u>20</u>	<u>62</u>	<u>660</u>	<u>—</u>
At 31 December/30 September	<u>79,288</u>	<u>79,350</u>	<u>80,010</u>	<u>80,010</u>
<b>Accumulated impairment</b>				
At 1 January	268	288	350	80,010
Impairment charge	<u>20</u>	<u>62</u>	<u>79,660</u>	<u>—</u>
At 31 December/30 September	<u>288</u>	<u>350</u>	<u>80,010</u>	<u>80,010</u>
<b>Net carrying amount</b>				
At 31 December/30 September	<u><u>79,000</u></u>	<u><u>79,000</u></u>	<u><u>—</u></u>	<u><u>—</u></u>

As at 31 December 2012 and 2013, interests in subsidiaries of £79 million represented the investment in the called up share capital of Plethora Therapeutics Limited. The directors consider the value of investments to be supported by their underlying assets.

On 25 February 2013, the Target Group appointed Administrators to The Urology Company Holdings Limited and an impairment charge of £62,000 was made.

On 10 June 2014, the Target Company's wholly-owned subsidiary, The Urology Company Holdings Limited, was formally dissolved.

During 2014, the Target Company took steps to liquidate the Target Company's remaining dormant subsidiary, Plethora Therapeutics Limited and an impairment charge of £79,598,000 was made. The process involved the settlement of residual inter-company balances and the payment of intra-group dividends which facilitated the commencement of the winding up process and the writing down of the carrying value of the investment in the Financial Information of the Target Company to £1. It is anticipated that the subsidiary will be formally dissolved and struck off in 2016.

Amounts due from/(to) to a subsidiary was unsecured, interest-free and repayable on demand.

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**16. INVENTORIES**

	<b>As at 31 December</b>			<b>As at</b>
				<b>30 September</b>
	<b>2012</b>	<b>2013</b>	<b>2014</b>	<b>2015</b>
	<i>£'000</i>	<i>£'000</i>	<i>£'000</i>	<i>£'000</i>
Finished goods for resale	43	—	—	—

As at 31 December 2012, a provision against inventories for £217,000 was recognised in respect of inventories. Furthermore, £300,000 was recognised as expense in 2012 and included in cost of sales under discontinued operations in respect of inventories during the year ended 31 December 2012.

**17. TRADE AND OTHER RECEIVABLES**

	<b>Target Group</b>				<b>Target Company</b>			
	<b>As at 31 December</b>			<b>As at</b>	<b>As at 31 December</b>			<b>As at</b>
	<b>2012</b>	<b>2013</b>	<b>2014</b>	<b>30</b>	<b>2012</b>	<b>2013</b>	<b>2014</b>	<b>30</b>
	<i>£'000</i>	<i>£'000</i>	<i>£'000</i>	<b>September</b>	<i>£'000</i>	<i>£'000</i>	<i>£'000</i>	<b>September</b>
			<i>£'000</i>				<i>£'000</i>	
Trade receivables	154	—	—	—	—	—	—	—
Less: Provision for impairment of trade receivables	(38)	—	—	—	—	—	—	—
Trade receivables - net	116	—	—	—	—	—	—	—
Other receivables	—	429	453	283	—	414	156	47
Prepayments and accrued income	41	67	88	91	18	48	68	—
	<u>157</u>	<u>496</u>	<u>541</u>	<u>374</u>	<u>18</u>	<u>462</u>	<u>224</u>	<u>47</u>

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An aged analysis of the trade receivables as at the end of the Relevant Periods, based on the invoice date and net of provisions, as at the end of the Relevant Periods is as follows:

	<b>As at 31 December</b>			<b>As at</b>
				<b>30 September</b>
	<b>2012</b>	<b>2013</b>	<b>2014</b>	<b>2015</b>
	<i>£'000</i>	<i>£'000</i>	<i>£'000</i>	<i>£'000</i>
Within 3 months	<u>116</u>	<u>—</u>	<u>—</u>	<u>—</u>

At 31 December 2012, some of the unimpaired trade receivables were past their due date. The aged of financial assets past due but not impaired is as follows:

	<b>As at 31 December</b>			<b>As at</b>
				<b>30 September</b>
	<b>2012</b>	<b>2013</b>	<b>2014</b>	<b>2015</b>
	<i>£'000</i>	<i>£'000</i>	<i>£'000</i>	<i>£'000</i>
Not more than one month past due	<u>30</u>	<u>—</u>	<u>—</u>	<u>—</u>

Trade and other receivables are usually due between 30 and 90 days and do not bear any effective interest rate. The trade receivables consist of amounts due from product sales. The directors of the Target Company considered that prior to the administration of The Urology Company Limited the credit risk in relation to these receivables was low.

The fair value of these short term financial assets is not individually determined as the carrying amount is a reasonable approximation of fair value.

Movements in allowances for doubtful trade receivables are as follows:

	<b>As at 31 December</b>			<b>As at</b>
				<b>30 September</b>
	<b>2012</b>	<b>2013</b>	<b>2014</b>	<b>2015</b>
	<i>£'000</i>	<i>£'000</i>	<i>£'000</i>	<i>£'000</i>
At beginning of the year/period	—	38	—	—
Increase/(Utilised) in provision	<u>38</u>	<u>(38)</u>	<u>—</u>	<u>—</u>
At end of the year/period	<u>38</u>	<u>—</u>	<u>—</u>	<u>—</u>

The other classes within trade and other receivables do not contained impaired assets. The age of all impaired trade receivables were within 3 months in 2012. Trade receivables were considered to be impaired as they had not been settled on the date that The Urology Company Limited was placed into administration.



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Other receivables relate to contractual amounts receivable by the Target Group and are considered by the directors to be fully recoverable.

The fair value of these short term financial assets is not individually determined as the carrying amount is a reasonable approximation of fair value.

**18. CASH AND CASH EQUIVALENTS**

	Target Group				Target Company			
	As at 31 December		As at 30 September		As at 31 December		As at 30 September	
	2012 £'000	2013 £'000	2014 £'000	2015 £'000	2012 £'000	2013 £'000	2014 £'000	2015 £'000
Cash and cash equivalents	<u>31</u>	<u>3,117</u>	<u>5,066</u>	<u>1,614</u>	<u>20</u>	<u>2,509</u>	<u>1,574</u>	<u>125</u>

Cash and cash equivalents consist of cash in hand and balances with banks only.

The fair value of these short term financial assets is not individually determined as the carrying amount is a reasonable approximation of fair value.

**19. DEFERRED TAXATION**

**Target Group**

The Target Group had an unrecognised deferred tax asset relating to losses carried forward of £6,230,000, £6,880,000, £10,035,000 and £9,810,000 as at 31 December 2012, 2013 and 2014 and 30 September 2015 respectively and an unrecognised deferred tax asset of nil, nil, £149,000 and £115,000 relating to share-based payments as at 31 December 2012, 2013 and 2014 and 30 September 2015 respectively. The asset has not been recognised as the directors have insufficient certainty over the utilisation of these losses and associated tax benefits in the foreseeable future.

Other deferred tax assets and liabilities arising from other temporary differences are considered to be insignificant.

Deferred tax assets have not been recognised in respect of these items because it is not considered probable that future taxable profit will be available against which they can be realised.

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**APPENDIX V ACCOUNTANT'S REPORT OF THE PLETHORA GROUP**

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**Target Company**

The Target Company had an unrecognised deferred tax asset relating to losses forward of £1,220,000, £2,765,000, £2,965,000 and £2,342,000 as at 31 December 2012, 2013 and 2014 and 30 September 2015 and nil, nil, £132,000 and £115,000 relating to share-based payments as at 31 December 2012, 2013 and 2014 and 30 September 2015 respectively. The asset has not been recognised as the directors have insufficient certainty over utilisation of these losses and associated tax benefit in the foreseeable future.

Other deferred tax assets and liabilities arising from other temporary difference are considered to be insignificant.

Deferred tax assets have not been recognised in respect of these items because it is not considered probable that future taxable profit will be available against which they can be realised.

**20. TRADE AND OTHER PAYABLES**

	Target Group				Target Company			
	As at 31 December		As at 30 September		As at 31 December		As at 30 September	
	2012	2013	2014	2015	2012	2013	2014	2015
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
<b>Less than 3 months</b>								
Trade and other payables	769	193	252	180	89	94	48	26
Social security and other taxes	178	389	129	129	—	—	90	90
Accrued expenses	370	258	684	230	294	829	353	176
<b>Between 3 and 12 months</b>								
Accrued expenses	249	318	50	50	62	19	19	18
	<u>1,566</u>	<u>1,158</u>	<u>1,115</u>	<u>589</u>	<u>445</u>	<u>942</u>	<u>510</u>	<u>310</u>

Due to the short term duration of trade and other payables the carrying value in the statements of financial position represents the fair value of the liabilities.

**21. DISCONTINUED OPERATIONS**

Following the closure of The Urology Company Limited (The “Urology Co”), the liquidator of the Urology Co advised Capital for Enterprise Fund A L.P. (“CfE”) that it intended to make a full and final distribution from the net proceeds of the liquidation to CfE of £43,068 in its capacity as secured lender. This sum has been accounted for as a partial repayment of the outstanding CfE loan after taking into account a contractual 25% redemption premium and accrued yield that applies to this repayment. The assets and liabilities of The Urology Co were presented as discontinued operations following the Target Group’s decision to put the company into administration on 25 February 2013. An analysis of its results are shown below:

*Profit and loss of the discontinued operations*

	Year ended 31 December			Nine months ended 30 September	
	2012 £'000 <i>(restated)</i>	2013 £'000	2014 £'000	2014 £'000 <i>(unaudited)</i>	2015 £'000
Revenue	582	91	—	—	—
Cost of sales	<u>(517)</u>	<u>(41)</u>	<u>—</u>	<u>—</u>	<u>—</u>
Gross profit	<u>65</u>	<u>50</u>	<u>—</u>	<u>—</u>	<u>—</u>
Operating costs					
- Selling and distribution expenses	(890)	(102)	—	—	—
- General and administrative expenses	<u>(221)</u>	<u>(58)</u>	<u>—</u>	<u>—</u>	<u>—</u>
Total operating costs	<u>(1,111)</u>	<u>(160)</u>	<u>—</u>	<u>—</u>	<u>—</u>
<b>Loss before income tax of discontinued operations</b>	<b>(1,046)</b>	<b>(110)</b>	<b>—</b>	<b>—</b>	<b>—</b>
Income tax	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>
<b>Loss for the year/period from discontinued operations</b>	<b>(1,046)</b>	<b>(110)</b>	<b>—</b>	<b>—</b>	<b>—</b>
Pre-tax gain arising from the re-measurement of the net liabilities of the discontinued operations	—	365	43	43	—
Income tax	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>
(Loss)/Profit for the year/period from discontinued operations	<u><u>(1,046)</u></u>	<u><u>255</u></u>	<u><u>43</u></u>	<u><u>43</u></u>	<u><u>—</u></u>

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*Cash flow from the discontinued operations*

	Year ended 31 December			Nine months ended 30 September	
	2012 £'000 <i>(restated)</i>	2013 £'000	2014 £'000	2014 £'000	2015 £'000
<b>Cash flows from operating activities</b>					
(Loss)/Profit before income tax	(1,046)	(110)	43	43	—
Change in inventories	138	42	—	—	—
Change in trade and other receivables	(22)	5	—	—	—
Change in trade and other payables	<u>888</u>	<u>(43)</u>	<u>—</u>	<u>—</u>	<u>—</u>
<b>Cash generated/utilised by operations</b>	(42)	(106)	43	43	—
<b>Cash flows from investing activities</b>	—	—	—	—	—
<b>Cash flows from financing activities</b>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>
<b>Net increase/(decrease) in cash and cash equivalents</b>	<u>(42)</u>	<u>(106)</u>	<u>43</u>	<u>43</u>	<u>—</u>

**22. BORROWINGS**

**Target Group and Target Company**

	<b>As at 31 December</b>			<b>As at</b>
	<b>2012</b>	<b>2013</b>	<b>2014</b>	<b>30 September</b>
	<i>£'000</i>	<i>£'000</i>	<i>£'000</i>	<i>£'000</i>
<b>Current borrowings</b>				
Convertible Loan Notes Due 2014 (2013: Due 2014; 2012: Due 2012)	800	760	—	—
Interest accrued on Convertible Loan Notes Due 2014 (2013: Due 2014; 2012: Due 2012)	335	94	—	—
CfE Loan Due 2015	901	—	685	—
CfE Loan warrant instrument	—	2,220	1,706	505
Interest on CfE Loan Due 2015	108	—	146	—
Galloway Loan Due 2015	756	—	1,023	—
Galloway Loan warrant instrument	—	3,620	2,732	729
Interest on Galloway Loan Due 2015	91	—	219	—
Mellon Bridge Loans	804	—	809	—
Interest accrued on Mellon Bridge Loans	11	—	105	—
	<u>3,806</u>	<u>6,694</u>	<u>7,425</u>	<u>1,234</u>
<b>Non-current borrowings</b>				
CfE Loan Due 2015	—	818	—	—
CfE Loan warrant instrument	238	—	—	—
Interest on CfE Loan Due 2015	—	94	—	—
Galloway Loan Due 2015	—	897	—	—
Galloway Loan warrant instrument	369	—	—	—
Interest on Galloway Loan Due 2015	—	100	—	—
Mellon Bridge Loans	—	614	—	335
Interest on Mellon Bridge Loans	—	50	—	9
	<u>607</u>	<u>2,573</u>	<u>—</u>	<u>344</u>
<b>Total borrowings</b>	<u>4,413</u>	<u>9,267</u>	<u>7,425</u>	<u>1,578</u>

The terms of the Target Company's loan agreements are summarised as follows:

(i) *Convertible Loan Notes Due 2014 (2012: Due 2012)*

Prior to the debt restructuring the terms of the outstanding Convertible Loan Notes Due 2012 were:

- maturity 31 December 2012;
- coupon interest 13% per annum, accrued until maturity; convertible into new ordinary shares at 12.5p per share;
- secured by first charge over the Target Company's assets;
- repayable by the Target Company at any point post issuance;
- convertible by the Target Company after 31 December 2010 provided the Target Company's share price is 25% greater than the conversion price for the preceding 60 days prior to conversion. This facility was not repaid on maturity and was in default as at 31 December 2012.

Under HKFRS, £112,000 of the Convertible Loan Notes Due 2012 was regarded as equity and was recorded in the convertible loan note reserve.

As part of the Debt Restructuring Agreement entered into on 18 March 2013, the Target Group agreed with the holders of £800,000 Convertible Loan Notes, which had a maturity date of 31 December 2012, to extend the maturity date to 31 December 2014. In addition, interest accrued on the Convertible Loan Notes to 28 February 2013 being £351,707 was paid through the issue of 17,585,342 new ordinary shares at 2p per share. Furthermore, the interest rate from 1 March 2013 was increased to 14% per annum and will accrue to maturity. Finally, the conversion price of the Convertible Loan Notes was changed to 2p per share from 12.5p per share.

In 2013, the Target Group recognised a gain of £99,000 on the extinguishment of the existing loan notes as the existing loan notes were deemed to have been replaced by new convertible loan notes. The Target Group applied a competitive market discount rate in calculating the fair value of the loan notes in compliance with HKAS 32.

On 29 September 2014, the holder of the Convertible Loan Notes exercised its option to redeem all amounts due under the loan agreement through the issue of 48,806,575 new ordinary shares.

(ii) *CfE Loan Due 2015*

On 29 June 2010 the Target Group entered into £1,000,000, five year secured term loan ("**CfE Loan**") with Capital For Enterprise Fund A L.P. ("**CfE**"), which is managed by Maven Capital Partners (UK) LLP. The CfE Loan was repayable by 29 June 2015. However, the Target Group could have, at its option, repaid part, or all, of the loan ahead of the maturity date. Prior to the Debt Restructuring,

the terms were: Interest accrued on the loan at 10% per annum. The loan agreement provided for the Target Group to pay a premium on repayment of the loan. This premium was fixed at either 20% of any amounts repaid in the first 3 years or 25% in years 4 or 5 or at maturity. CfE was also granted a warrant to acquire new ordinary shares in the Target Company at nominal value. The number of shares issuable under the warrant was the lower of 3% of the Target Company's fully diluted share capital, or such number of shares as equals £500,000 at the then prevailing market price. The warrant was only exercisable at an exit event, as defined in the loan agreement.

In accordance with the Debt Restructuring Agreement entered into on 18 March 2013, the CfE Loan, which was repayable on 30 June 2015, is repayable on 31 March 2015. As with the Convertible Loan Notes, interest accrued to 28 February 2013 of £128,384, was settled in April 2013 through the issue of 6,419,190 new ordinary shares. The interest rate from 1 March 2013 to maturity was reset to 14% per annum and will accrue to the date of maturity. The CfE loan carries a redemption premium of 25%. It was also agreed that the loan, redemption premium and the accrued interest are convertible into new ordinary shares at 2p per share at the option of the lender. As part of the agreement, CfE was granted a warrant to subscribe, at a price of 1p per ordinary share, for ordinary shares representing up to 3% of the fully diluted ordinary share capital of the Target Company. The expiry date of the warrant is 31 March 2023 but exercisable at any time up to the expiry date at the discretion of CfE. Consequently, the warrant is presented as a current liability.

In 2013, the Target Group recognised a loss of £67,000 on the extinguishment of CfE Loan in connection with the Debt Restructuring Agreement. The Target Group applied a discount rate in calculating the fair value of the loan and deemed 85% of the existing loan to be extinguished by the inclusion of the conversion option. The resultant loss is included in gain on extinguishment of debt instruments in the 2013 consolidated statement of comprehensive income.

On 3 December 2013, CfE completed the conversion of £200,000 in principal of the loan note into new ordinary shares. Interest and redemption premium on the loan note was accrued in accordance with the Debt Restructuring Agreement. This was settled by the issue of 13,566,300 new ordinary shares were issued at 2p per share to satisfy the aggregate of liability of £271,326 arising on the conversion.

Following the closure of The Urology Co, the liquidator of The Urology Co advised CfE that it intended to make a full and final distribution from the net proceeds of the liquidation to CfE of £43,068 in its capacity as senior secured lender. This sum was accounted for as a partial repayment of the outstanding CfE loan after taking into account the contracted redemption premium and accrued yield that applies to this repayment.

On 8 September 2014, the Target Company received notice on behalf of CfE to convert a further £200,000 of the fund's holdings in convertible loan notes, at a conversion price of 2p per ordinary share, in accordance with the terms of the Debt Restructuring Agreement. The liability to be converted inclusive of principal, redemption premium and accrued interest from 1 March 2013 was £292,652 giving rise to an issue of 14,632,600 new ordinary shares. The revised amount of principal outstanding under the CfE loan is £569,595, excluding accrued interest and redemption premium.

During 2015, the Target Company received notice on behalf of CfE to convert convertible loan notes of £569,595 into ordinary shares of 1p each at a price of 2p per share. Interest on the loan notes was accrued in accordance with the restructuring agreement of 18 March 2013 and an amount of £128,384 had accrued and was converted to new ordinary shares. Following this notice, 43,901,710 new ordinary shares were issued as payment for interest accrued totalling £308,439 and convertible loan notes of £569,595.

(iii) *Galloway Loan Due 2015*

On 20 October 2011, the Target Group entered into a £850,000 secured term loan (“**Galloway Loan**”) with Galloway Limited, a company in which Mr. J. Mellon has an interest. The Galloway Loan was repayable on 30 June 2015. However, the Target Company could, at its option, repay part, or all, of the loan ahead of the maturity date. Interest accrued on the loan at 10% per annum. The loan agreement provided for the Target Company to pay a fixed redemption premium of 25%. Galloway Limited had also been granted a warrant to acquire new ordinary shares in the Target Company at nominal value. The number of shares issuable under the warrant is the lower of 5% of the Target Company’s fully diluted share capital, or such number of shares as equals £1,500,000 at the then prevailing market price. The warrant was only exercisable at an Exit Event, as defined in the loan agreement.

In accordance with the Debt Restructuring Agreement entered into on 18 March 2013, the maturity on the Galloway Loan facility of £850,000 was amended to 31 March 2015. In addition, the interest accrued on the loan to 28 February 2013 of £78,014 was paid through the issue of 3,900,685 new ordinary shares in April 2013 at 2p per share. The interest rate from 1 March 2013 to maturity was reset at 14% per annum and will accrue to maturity. The Galloway Loan carries a redemption premium of 25%. It has been agreed that the Galloway Loan, redemption premium and the accrued interest are convertible into new ordinary shares at 2p per share at any time up to the date of maturity at the option of the lender.

As part of the arrangements, Galloway was granted a warrant to subscribe, at a price of 1.25p per ordinary share, for ordinary shares representing up to 5% of the fully diluted ordinary share capital of the Target Company. The expiry date of the warrant is 31 March 2023. The warrant is exercisable at any time up to the expiry date at the discretion of Galloway. Consequently, the warrant instrument is presented as a current liability.

In 2013, the Target Group recognised a loss of £68,000 on the extinguishment of the existing Galloway Loan in connection with the 2013 Debt Restructuring Agreement. The Target Group applied a discount rate in calculating the fair value of the loan and deemed 95% of the existing loan to be extinguished by the inclusion of the conversion option. The resultant loss is included in gain on extinguishment of debt instruments in the 2013 consolidated statement of comprehensive income.

During 2015, the Target Company received notice from Galloway to convert convertible loan notes of £850,000 into ordinary shares of 1p each at a price of 2p per share. Following this notice, 65,514,041 new ordinary shares were issued as payment for interest accrued totalling £460,281 and convertible loan notes of £850,000.



(iv) *Mellon Bridge Loans*

During 2012, Mr. J. Mellon provided additional working capital by way of two bridging loans of £350,000 and £200,000 on the 20 September 2012 and 11 December 2012 respectively.

*Mellon Bridge Loan 1*

On 20 September 2012, the Target Group secured a £350,000 bridge loan from Mr. J. Mellon for the purpose of providing working capital for the Target Group and funding for the regulatory submission of PSD502™ dossier to European Medicines Agency. This was repayable on 20 days notice and has an interest rate of 10% per annum. This facility also carries a redemption premium of 75%.

In accordance with the Debt Restructuring Agreement entered into on 18 March 2013, it was agreed that the loan will mature on 31 March 2015. In addition, the interest accrued on the loan to 28 February 2013, being £15,342 was paid through the issue of 767,123 new ordinary shares in April 2013 at 2p per share. The interest rate from 1 March 2013 to maturity will remain unchanged at 10% per annum and will accrue to maturity. The Mellon Bridge Loan 1 carries a redemption premium of 75%. It was agreed that the loan, the redemption premium and the accrued interest are convertible into new ordinary shares at 2p per share at any time up to the date of maturity at the option of the lender.

In 2013, the Target Group recognised a gain of £295,000 on the extinguishment of the loan in connection with the Debt Restructuring Agreement. In calculating the fair value of the loan, the Target Group applied a discount rate taking into account the fact that the facility accrues interest at a rate of 10% and carries a 75% redemption premium. The resultant gain is included in gain on extinguishment of debt instruments in the 2013 consolidated statement of comprehensive income.

On 31 March 2015, Mr. J. Mellon agreed with the Target Company to defer £340,000 of his entitlement under the loan notes into a new convertible loan note that will accrue a yield of 5% per annum payable quarterly in arrears in cash and to be repaid on 31 March 2020. Upon redemption the loan may, at the option of the bearer, be converted into new ordinary shares at a price of 2p per share. Under HKAS 32 “Financial Instruments”, the Target Group has recognised a gain of £13,000 as finance income in consolidated statement of comprehensive income during the period ended 30 September 2015 (note 11).

*Mellon Bridge Loan 2*

On 11 December 2012, the Target Group secured a further £200,000 bridge loan from Mr. J. Mellon for provision of working capital. Interest accrued on this facility at 10% per annum and has applicable redemption premium of 33% per annum. This facility is convertible to ordinary shares at 5p per share at the Target Company's option within the first year and at the lender's option after the first anniversary of the loan. The conversion option was fair valued at £25,000.

In accordance with the Debt Restructuring Agreement entered into on 18 March 2013, this loan together with the interest accrued and the applicable 33% redemption premium on the loan was rolled up and is repayable on 31 March 2015. It was agreed that the loan, the redemption premium and the accrued interest are convertible into new ordinary shares at 2p per share which can be exercised at any time up to the date of maturity at the option of the lender.

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In 2013, the Target Group recognised a gain of £34,000 on the extinguishment of the previous loan in connection with the Debt Restructuring Agreement. In calculating the fair value of the loan, the Target Group applied a discount rate taking into account that the facility accrues interest at a rate of 10%, carries a 33% redemption premium and a conversion price of 2p per share. The resultant gain is included in gain on extinguishment of debt instruments in the 2013 consolidated statement of comprehensive income.

During 2015, the Target Company received notice from Mr. J. Mellon to convert convertible loan notes of £210,000 into ordinary shares of 1p each at a price of 2p per share. Following this notice, 32,870,206 new ordinary shares were issued as payment for interest accrued totalling £447,404 and convertible loan notes of £210,000.

All security granted under the Loan Notes have been released by Maven, Mr. J. Mellon and Galloway.

The future contractual payments of principal for convertible loan notes and third party borrowings are as follows:

	<b>As at 31 December</b>			<b>As at 30 September</b>
	<b>2012</b>	<b>2013</b>	<b>2014</b>	<b>2015</b>
	<i>£'000</i>	<i>£'000</i>	<i>£'000</i>	<i>£'000</i>
<b>Within one year</b>				
Convertible Loan Notes Due 2014 (2013: Due 2014; 2012: Due 2012)	800	800	—	—
CfE Loan Due 2015	1,000	—	569	—
Galloway Loan Due 2015	850	—	850	—
Mellon Bridge Loans	550	—	550	—
<b>In more than one year but not more than five years</b>				
CfE Loan Due 2015	—	800	—	—
Galloway Loan Due 2015	—	850	—	—
Mellon Bridge Loans	—	550	—	340
	<u>3,200</u>	<u>3,000</u>	<u>1,969</u>	<u>340</u>

**23. SHARE CAPITAL**

	As at 31 December		As at 30 September	
	2012	2013	2014	2015
	<i>£'000</i>	<i>£'000</i>	<i>£'000</i>	<i>£'000</i>
<b>Allotted, issued and fully paid</b>				
31/12/2012: 208,941,531				
(31/12/2013: 415,274,578,				
31/12/2014: 681,011,729,				
30/09/2015: 823,297,686)				
ordinary shares of 1 pence each	2,089	4,153	6,810	8,233

All ordinary shares carry the same voting rights and rights to discretionary dividends.

The movements in the Target Company's allotted, issued and fully paid share capital are as follows:

**Issues in 2012**

During June 2012, the Target Company issued 7,000,000 new ordinary shares of 1p each at a placing price of 5p per share to raise £350,000 before expenses. A further issue of 1,184,000 new ordinary shares was made to certain directors of the Target Company and a company adviser in settlement of £32,000 of outstanding invoices. These costs were recognised in the consolidated statement of comprehensive income in 2011.

**Issues in 2013**

On 18 March 2013, the Target Company raised £2.124 million before expenses through the Placing of 106,200,000 new ordinary shares at a price of 2p per share.

At the same time, the Target Company issued of 28,672,340 new ordinary shares at 2p per share as part of the Debt Restructuring for interest accrued to 28 February 2013 on its borrowings (see note 22) being:

- 17,585,342 new ordinary shares at 2p per share for £351,707 of interest accrued on the Convertible Loan Notes to 28 February 2013.
- 6,419,190 new ordinary shares at 2p per share for £128,384 of interest accrued on the CFE Loan to 28 February 2013.
- 3,900,685 new ordinary shares at 2p per share for £78,014 of interest accrued to 28 February 2013 on the Galloway loan facility of £850,000.

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- 767,123 new ordinary shares at 2p per share for £15,342 of interest accrued to 28 February 2013 on the Mellon Bridge Loan 1 of £350,000.

In addition to the above, the Target Company issued 2,205,000 new ordinary shares at 2p per share to certain directors in lieu of historic salary payments.

On 15 October 2013, the Target Company announced it had received notice from a warrant holder to subscribe for 410,000 shares at 10p per share to exercise the warrant.

On 1 November 2013, the Target Company raised £4.4 million before expenses through the placing of 49,000,000 new ordinary shares at a price of 9p per share.

On 29 November 2013, the Target Company also announced that it has allotted 6,279,407 new ordinary shares of 1p each, fully paid conditional only upon admission, to trading on AIM in relation to:

- the issuance of 1,355,975 new ordinary shares in connection with awards made in 2010 which have now matured under the Target Company's LTIP;
- the issuance of 923,432 new ordinary shares in settlement of directors' fees due in relation to Mr. J. Mellon and Mr. M. Collis; and
- the issuance of 4,000,000 new ordinary shares as an award to Mr. J.R. Openshaw that would otherwise have accrued under the Target Company's LTIP.

The Target Company received notice from Maven Capital Partner (UK) LLP, manager of the Capital for Enterprise Fund A L.P. to convert £200,000 in principal of its £1 million loan note to ordinary shares. The Conversion was completed at the close of business on 3 December 2013. Interest on the loan note was being accrued in accordance with the restructuring announced on 18 March 2013 and the amount of £21,326 had accrued to that date and was converted to new ordinary shares. In addition, the loan carried a redemption premium of 25% of the principal value and consequently a redemption premium of £50,000 arose on conversion. This was paid by the issue of new ordinary shares. In total 13,566,300 new ordinary shares were issued at 2p per share to satisfy the aggregate of £271,326 arising on the conversion.

### Issues in 2014

On 8 September 2014, the Target Company received notice on behalf of CfE to convert £200,000 of the fund's holdings in convertible loan notes of the Target Company, at a conversion price of 2p per ordinary share, in accordance with the terms of the Debt Restructuring agreements announced on 18 March 2013. The liability converted, inclusive of principal, redemption premium of 25% and accrued interest from 1 March 2013, was £292,652 giving rise to an issue of 14,632,600 new ordinary shares.

On 19 September 2014, the Target Company raised £15.929 million before expenses by way of a Placing and Subscription for a total of 176,998,486 new ordinary shares at 9p per share and 88,499,236 fundraising warrants exercisable at 15p each.

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On 20 September 2014, the Target Company raised £2.277 million before expenses by way of a Placing and Subscription with Regent Pacific Group Limited for a total of 25,299,490 new ordinary shares at 9p per share and 12,649,745 fundraising warrants exercisable at 15p each.

On 29 September 2014, the Target Company received notice from Forest Nominees Limited to convert all £800,000 of its convertible loan notes into ordinary shares of 1p each. Interest on the loan notes was accrued in accordance with the restructuring announced on 18 March 2013 and an amount of £176,132 accrued to that date and was converted to new ordinary shares. In total 48,806,575 new ordinary shares were issued at 2p per share to satisfy the aggregate of £976,132 arising on the conversion.

### Issues in 2015

During 2015, the Target Company announced that under Debt Restructuring Agreement entered into on 18 March 2013, it had received notice from Maven Capital Partners (UK) LLP as a manager of the CfE, Mr. J. Mellon and Galloway Limited to convert their convertible loan notes of £569,595, £210,000 and £850,000 respectively into ordinary shares of 1p each at a price of 2p per share.

Following this notice, 142,285,957 new ordinary shares were issued as payment for accrued interest of £1,216,124 and convertible loan notes of £1,629,595 taking the total enlarged capital to 823,297,686 ordinary shares.

## 24. RESERVES

### The Target Group

The amount of the Target Group's reserves and movements during the Relevant Periods are presented in the consolidated statements of changes in equity of the Financial Information.

	As at 31 December			As at 30 September
	2012	2013	2014	2015
	<i>£'000</i>	<i>£'000</i>	<i>£'000</i>	<i>£'000</i>
Share premium	25,083	30,256	46,543	48,091
Other reserve	4,908	4,908	4,908	4,908
Convertible loan note reserve	137	216	143	5
Share-based payment reserve	1,964	1,233	1,893	2,905
Accumulated losses	<u>(39,928)</u>	<u>(47,578)</u>	<u>(63,154)</u>	<u>(64,256)</u>
	<u>(7,836)</u>	<u>(10,965)</u>	<u>(9,667)</u>	<u>(8,347)</u>

**Share premium**

The share premium account represents premiums received on the initial issuing of the share capital. Any transaction costs associated with the issuing of shares are deducted from share premium, net of any related income tax benefits.

**Other reserve**

The other reserve is a reserve arising on merger accounting.

**Convertible loan note reserve**

This represents the amount allocated to the unexercised equity component of convertible loan notes issued by the Target Company recognised in accordance with the accounting policy adopted for convertible loan note in note 3(j).

**Share-based payment reserve**

This relates to share options granted to directors and employees under the Target Company's Executive Share Option Scheme and Long Term Incentive Plan. Further information about share-based payments to directors and employees is set out in note 3(q).

**Accumulated losses**

Accumulated losses include all current and prior period results as disclosed in the statements of comprehensive income.

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**The Target Company**

	Share premium £'000	Convertible loan note reserve £'000	Share-based payment reserve £'000	Accumulated losses £'000	Total £'000
At 1 January 2012	24,782	112	306	(33,387)	(8,187)
Loss for the year	—	—	—	(4,747)	(4,747)
Equity component of Mellon Bridge Loans	—	25	—	—	25
Premium on equity share capital issued	301	—	—	—	301
Employee share-based compensation	—	—	42	—	42
At 31 December 2012 and 1 January 2013	25,083	137	348	(38,134)	(12,566)
Loss for the year	—	—	—	(8,321)	(8,321)
Gain on loan extinguishments taken to equity	—	—	—	18	18
Equity component of convertible loan notes	—	79	—	—	79
Premium on equity share capital issued	5,485	—	—	—	5,485
Cost of issue of new shares	(312)	—	—	—	(312)
Employee share-based compensation	—	—	93	—	93
Transfer for lapsed share options	—	—	(125)	125	—
At 31 December 2013 and 1 January 2014	30,256	216	316	(46,312)	(15,524)
Loss for the year	—	—	—	(14,412)	(14,412)
Release of equity reserve of convertible loan notes	73	(73)	—	—	—
Premium on equity share capital issued	16,818	—	—	—	16,818
Cost of issue of new shares	(604)	—	—	—	(604)
Employee share-based compensation	—	—	775	—	775
At 31 December 2014 and 1 January 2015	46,543	143	1,091	(60,724)	(12,947)
Profit for the period	—	—	—	1,069	1,069
Release of equity reserve of convertible loan notes	125	(138)	—	2	(11)
Premium on equity share capital issued	1,423	—	—	—	1,423
Employee share-based compensation	—	—	1,012	—	1,012
At 30 September 2015	<u>48,091</u>	<u>5</u>	<u>2,103</u>	<u>(59,653)</u>	<u>(9,454)</u>

**25. LEASING COMMITMENTS****The Target Group as lessee**

At the end of each Relevant Period, the Target Group had total future minimum lease payments under non-cancellable operating leases in respect of land and buildings falling due as follows:

	<u>As at 31 December</u>			<u>As at</u> <u>30 September</u>
	<b>2012</b>	<b>2013</b>	<b>2014</b>	<b>2015</b>
	<i>£'000</i>	<i>£'000</i>	<i>£'000</i>	<i>£'000</i>
Expiring in less than one year	<u>12</u>	<u>7</u>	<u>4</u>	<u>6</u>

**The Target Company**

The Target Company did not have any significant operating lease commitments at the end of each Relevant Period.

**26. CAPITAL COMMITMENT**

The Target Group and the Target Company did not have any significant capital commitments at the end of each Relevant Period.

**27. CONTINGENT LIABILITIES**

The Target Group and the Target Company did not have any significant contingent liabilities at the end of each Relevant Period.



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**28. RELATED PARTY TRANSACTIONS**

(a) In addition to the transactions detailed elsewhere in the Financial Information, the Target Group entered into the following transactions with related parties:

<b>Year ended 31 December 2012</b>	<b>Consultancy fee £'000</b>	<b>Board fee £'000</b>	<b>Loan fee £'000</b>	<b>Loan interest £'000</b>	<b>Success fee £'000</b>	<b>Total £'000</b>
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Arc Portfolio Management Limited	—	—	—	—	—	—
Culminant Capital Inc	—	—	—	—	—	—
Galloway Limited	—	—	17	—	—	17
Global Pharma Consulting	—	—	—	—	—	—
High Lees Consulting Limited	24	—	—	—	—	24
Mr. J. Mellon	—	—	—	—	—	—
Lucia Capital LLP	—	—	—	—	—	—
Maven Capital Partners (UK) LLP	—	—	20	—	—	20
Mens Health Limited	110	—	—	—	—	110
Regent Pacific Group Limited	—	—	—	—	—	—

<b>Year ended 31 December 2013</b>	<b>Consultancy fee £'000</b>	<b>Board fee £'000</b>	<b>Loan fee £'000</b>	<b>Loan interest £'000</b>	<b>Success fee £'000</b>	<b>Total £'000</b>
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Arc Portfolio Management Limited	8	—	—	—	—	8
Culminant Capital Inc	12	—	—	—	—	12
Galloway Limited	—	—	17	100	—	117
Global Pharma Consulting	—	—	—	—	—	—
High Lees Consulting Limited	—	9	—	—	—	9
Mr. J. Mellon	—	38	—	50	—	88
Lucia Capital LLP	5	—	—	—	—	5
Maven Capital Partners (UK) LLP	—	16	26	94	—	136
Mens Health Limited	110	—	—	—	—	110
Regent Pacific Group Limited	—	3	—	—	—	3

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<b>Year ended 31 December 2014</b>	<b>Consultancy fee</b>	<b>Board fee</b>	<b>Loan fee</b>	<b>Loan interest</b>	<b>Success fee</b>	<b>Total</b>
	<i>£'000</i>	<i>£'000</i>	<i>£'000</i>	<i>£'000</i>	<i>£'000</i>	<i>£'000</i>
Arc Portfolio Management Limited	36	—	—	—	—	36
Culminant Capital Inc	6	16	—	—	—	22
Galloway Limited	—	—	34	—	—	34
Global Pharma Consulting	46	—	—	—	—	46
High Lees Consulting Limited	—	—	—	—	—	—
Mr. J. Mellon	—	54	—	—	—	54
Lucia Capital LLP	—	—	—	—	—	—
Maven Capital Partners (UK) LLP	—	28	21	—	—	49
Mens Health Limited	83	—	—	—	—	83
Regent Pacific Group Limited	—	36	—	—	—	36

<b>Nine months ended 30 September 2014 (unaudited)</b>	<b>Consultancy fee</b>	<b>Board fee</b>	<b>Loan fee</b>	<b>Loan interest</b>	<b>Success fee</b>	<b>Total</b>
	<i>£'000</i>	<i>£'000</i>	<i>£'000</i>	<i>£'000</i>	<i>£'000</i>	<i>£'000</i>
Arc Portfolio Management Limited	28	—	—	—	—	28
Culminant Capital Inc	6	—	—	—	—	6
Galloway Limited	—	—	17	—	—	17
Global Pharma Consulting	18	—	—	—	—	18
High Lees Consulting Limited	—	—	—	—	—	—
Mr. J. Mellon	—	34	—	—	—	34
Lucia Capital LLP	—	—	—	—	—	—
Maven Capital Partners (UK) LLP	—	28	21	—	—	49
Mens Health Limited	64	—	—	—	—	64
Regent Pacific Group Limited	—	27	—	—	—	27

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Nine months ended 30 September 2015	Consultancy fee £'000	Board fee £'000	Loan fee £'000	Loan interest £'000	Success fee £'000	Total £'000
Arc Portfolio Management Limited	12	—	—	—	—	12
Culminant Capital Inc	20	—	—	—	—	20
Galloway Limited	—	—	—	—	—	—
Global Pharma Consulting	28	—	—	—	19	47
High Lees Consulting Limited	—	—	—	—	—	—
Mr. J. Mellon	—	—	—	—	—	—
Lucia Capital LLP	—	—	—	—	—	—
Maven Capital Partners (UK) LLP	—	14	11	—	—	25
Mens Health Limited	—	—	—	—	—	—
Regent Pacific Group Limited	—	38	—	—	76	114

**Amounts due**

	As at 31 December			As at 30 September
	2012	2013	2014	2015
	£'000	£'000	£'000	£'000
Arc Portfolio Management Limited	—	4	3	—
Culminant Capital Inc	—	12	5	5
Galloway Limited	847	1,031	1,242	—
Global Pharma Consulting	—	—	19	—
High Lees Consulting Limited	12	—	—	—
Mr. J. Mellon	550	664	934	—
Lucia Capital LLP	—	—	—	—
Maven Capital Partners (UK) LLP	1,025	928	819	—
Mens Health Limited	62	2	—	—
Regent Pacific Group Limited	—	—	1	4

Nil, £8,000, £36,000, £28,000 and £12,000 was paid to Arc Portfolio Management Limited for Mr. M. Collis's services as CFO. Mr. M. Collis is a director and sole shareholder of Arc Portfolio Management Limited for the years ended 31 December 2012, 2013 and 2014 and the nine months ended 30 September 2014 and 2015 respectively.

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Nil, £12,000, £22,000, £6,000 and £20,000 of the fees paid to Mr. G. Bailey, were paid to Culminant Capital Inc. Mr. G. Bailey is a director and shareholder of Culminant Capital Inc. for the years ended 31 December 2012, 2013 and 2014 and the nine months ended 30 September 2014 and 2015 respectively.

£110,000, £110,000, £83,000, £64,000 and nil of the fees owed to Mr. M.G. Wyllie, were paid to Mens Health Limited for the years ended 31 December 2012, 2013 and 2014 and the nine months ended 30 September 2014 and 2015 respectively. A further nil, nil, £46,000, £18,000, £47,000 of fees owed to Mr. M.G. Wyllie were paid to Global Pharma Consulting for the years ended 31 December 2012, 2013 and 2014 and the nine months ended 30 September 2014 and 2015 respectively. Mr. M.G. Wyllie is a director and majority shareholder of Mens Health Limited and Global Pharma Consulting.

Nil, £5,000, nil, nil, nil was paid to Lucia Capital LLP for Mr. J.R. Openshaw's services as CFO and CEO to the Group for the years ended 31 December 2012, 2013 and 2014 and the nine months ended 30 September 2014 and 2015 respectively. Mr. J.R. Openshaw resigned as a director of the Target Company on 30 November 2013. Mr. J.R. Openshaw is a partner in Lucia Capital LLP.

£17,000, £17,000, £34,000, £17,000, and nil was paid to Galloway Limited in respect of loan fees for the years ended 31 December 2012, 2013 and 2014 and the nine months ended 30 September 2014 and 2015 respectively. Galloway Limited is wholly owned by a trust in which Mr. J. Mellon, Chairman of the Target Company, has a life tenancy. £100,000 was paid to Galloway Limited as loan interest for the year ended 31 December 2013.

£24,000, £9,000, nil, nil and nil of the fees paid to Mr. R. Horsman were paid to High Lees Consulting Limited for the years ended 31 December 2012, 2013 and 2014 and the nine months ended 30 September 2014 and 2015 respectively. Mr. R. Horsman resigned as a director of the Target Company on 12 April 2013.

Nil, £88,000, £54,000, £34,000 and nil was paid to Mr. J. Mellon for board fees and interest owed on the two bridge loans of £350,000 and £200,000 to the Target Group which provide additional working capital for the years ended 31 December 2012, 2013 and 2014 and the nine months ended 30 September 2014 and 2015 respectively (note 22).

Nil, £3,000, £36,000, £27,000 and £38,000 was paid to Regent Pacific Group Limited for Mr. J. Gibson's service as CEO, a company in which Mr. J. Mellon has an interest and Mr. J. Gilson is CEO of Regent Pacific Group Limited, for the years ended 31 December 2012, 2013 and 2014 and the nine months ended 30 September 2014 and 2015 respectively. £76,000 was paid to Regent Pacific Group Limited as success fee for the nine months ended 30 September 2015.

£20,000, £42,000, £49,000, £49,000 and £25,000 was paid to Maven Capital Partners (UK) LLP in respect of loan fees and board fees for Mr. M. Collis representation of Maven Capital Partners (UK) LLP's interest on the board for the years ended 31 December 2012, 2013 and 2014 and the nine months ended 30 September 2014 and 2015 respectively. £94,000 was paid to Maven Capital Partners (UK) LLP as loan interest for the year ended 31 December 2013.

Mr. J. Mellon provided additional working capital to the Target Group by way of two short term loans of £350,000 and £200,000 for the years ended 31 December 2012, 2013 and 2014 and the nine months ended 30 September 2014 respectively. During 2015, the Target Company received notice from Mr. J. Mellon to convert convertible loan notes with principal of £200,000 and accrued interest of £10,000, totalling £210,000, into ordinary shares of 1p each at a price of 2p per share (note 22).

**(b) Compensation of key management personnel**

Members of key management personnel of the Target Group during the Relevant Periods comprised only directors whose remuneration are set out in note 9.

**29. FINANCIAL INSTRUMENTS**

The Target Group uses financial instruments comprising cash and short-term deposits, related party loans and convertible debt instruments. It has issued warrant instruments in relation to loan and convertible debt arrangements. It does not enter into derivative transactions such as interest rate swaps, forward rate agreements or forward currency contracts. The Target Group has items such as trade payables that arise directly from its operations.

**Credit risk**

The Target Group managed its trade receivables to ensure that credit risk is minimised by avoiding concentration with any one customer. All trade receivables have set credit terms which are monitored. Details of the age of outstanding amounts and credit risk are set out in note 17. The Target Group works to ensure that it receives acceptable trading terms from its suppliers. Cash is held with UK high street banks.

**Liquidity risk**

The Target Group seeks to manage financial risk by ensuring it has adequate liquid resource to meet its obligations as they fall due. The Target Group uses share issues and loans to raise finance for the Target Group's activities. The Directors prepare detailed cash flow forecasts which are monitored frequently to ensure that all obligations can be settled as they fall due.

**Interest rate risk**

All interest rates on the Target Group's borrowings are fixed.

In 2012, interest was paid at 13% on the Convertible Loan Notes Due 2012 and at 10% on the CfE Loan, the Galloway Loan and Mellon Bridge Loans. In 2014 and 2013, interest was paid at 14% on the Convertible Loan Notes Due 2014, the CfE Loan and the Galloway Loan and at 10% on the Mellon Bridge Loans. In 2015, interest is paid at 5% on the Mellon Bridge Loans (note 22).

A sensitivity analysis of interest has not been performed as all rates are fixed, therefore there is no interest rate sensitivity.

## APPENDIX V ACCOUNTANT'S REPORT OF THE PLETHORA GROUP

### Financial assets and liabilities

The HKAS 39 categories of financial assets included in the consolidated and company statements of financial position and the headings in which they are included are as follows:

	Target Group				Target Company			
	As at 31 December			As at 30 September	As at 31 December			As at 30 September
	2012	2013	2014	2015	2012	2013	2014	2015
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Loans and other receivables	147	3,546	5,519	1,897	64	2,923	1,730	667

The financial assets are included in the consolidated and company statements of financial position in the following headings:

	Target Group				Target Company			
	As at 31 December			As at 30 September	As at 31 December			As at 30 September
	2012	2013	2014	2015	2012	2013	2014	2015
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
<b>Current assets</b>								
Trade and other receivables	116	429	453	283	—	414	156	47
Amount due from a subsidiary	—	—	—	—	44	—	—	495
Cash and cash equivalents	31	3,117	5,066	1,614	20	2,509	1,574	125
	<u>147</u>	<u>3,546</u>	<u>5,519</u>	<u>1,897</u>	<u>64</u>	<u>2,923</u>	<u>1,730</u>	<u>667</u>

## APPENDIX V ACCOUNTANT'S REPORT OF THE PLETHORA GROUP

The HKAS 39 categories of financial liabilities included in the consolidated and company statements of financial position and the headings in which they are included are as follows:

	Target Group				Target Company			
	As at 31 December			As at 30 September	As at 31 December			As at 30 September
	2012	2013	2014	2015	2012	2013	2014	2015
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Financial liabilities at amortised cost	5,372	4,585	4,102	933	88,952	87,502	3,497	654
Financial liabilities at fair value through profit or loss	<u>607</u>	<u>5,840</u>	<u>4,438</u>	<u>1,234</u>	<u>607</u>	<u>5,840</u>	<u>4,438</u>	<u>1,234</u>
	<u><u>5,979</u></u>	<u><u>10,425</u></u>	<u><u>8,540</u></u>	<u><u>2,167</u></u>	<u><u>89,559</u></u>	<u><u>93,342</u></u>	<u><u>7,935</u></u>	<u><u>1,888</u></u>

The financial liabilities are included in the consolidated and company statements of financial position in the following headings:

	Target Group				Target Company			
	As at 31 December			As at 30 September	As at 31 December			As at 30 September
	2012	2013	2014	2015	2012	2013	2014	2015
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
<b>Current liabilities</b>								
Trade and other payables	1,566	1,158	1,115	589	445	942	510	310
Amount due to a subsidiary	—	—	—	—	84,701	83,133	—	—
Borrowings	3,806	6,694	7,425	1,234	3,806	6,694	7,425	1,234
<b>Non-current liabilities</b>								
Borrowings	<u>607</u>	<u>2,573</u>	—	<u>344</u>	<u>607</u>	<u>2,573</u>	—	<u>344</u>
	<u><u>5,979</u></u>	<u><u>10,425</u></u>	<u><u>8,540</u></u>	<u><u>2,167</u></u>	<u><u>89,559</u></u>	<u><u>93,342</u></u>	<u><u>7,935</u></u>	<u><u>1,888</u></u>

Trade and other payables are measured at amortised cost and borrowings are initially measured at their fair values and subsequently at amortised cost. Loan warrants are fair valued at the end of each Relevant Period end with the gain/loss posted through profit or loss.

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**APPENDIX V ACCOUNTANT'S REPORT OF THE PLETHORA GROUP**

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**Fair value hierarchy**

The fair value of the Target Group's and Target Company's financial instruments is disclosed in hierarchy levels depending on the valuation method applied. The different methods are defined as follows:

- Level 1: valued using unadjusted quoted prices in active markets for identical financial instruments;
- Level 2: valued using techniques based on information that can be obtained from observable market data; and
- Level 3: valued using techniques incorporating information other than observable market data as at least one input to the valuation cannot be based on observable market data.

The fair value of the Target Group's and the Target Company's financial liabilities at the end of each Relevant Period are set out below:

**Target Group and Target Company**

	<b>Level 1</b> <i>£'000</i>	<b>Level 2</b> <i>£'000</i>	<b>Level 3</b> <i>£'000</i>	<b>Total</b> <i>£'000</i>
<b>Financial liabilities</b>				
Warrant instruments	—	—	607	607
<b>At 31 December 2012</b>	<u>—</u>	<u>—</u>	<u>607</u>	<u>607</u>
<b>Financial liabilities</b>				
Warrant instruments	—	—	5,840	5,840
<b>At 31 December 2013</b>	<u>—</u>	<u>—</u>	<u>5,840</u>	<u>5,840</u>



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**APPENDIX V ACCOUNTANT'S REPORT OF THE PLETHORA GROUP**

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**Target Group and Target Company**

	Level 1 <i>£'000</i>	Level 2 <i>£'000</i>	Level 3 <i>£'000</i>	Total <i>£'000</i>
<b>Financial liabilities</b>				
Warrant instruments	—	—	4,438	4,438
<b>At 31 December 2014</b>	<u>—</u>	<u>—</u>	<u>4,438</u>	<u>4,438</u>
	Level 1 <i>£'000</i>	Level 2 <i>£'000</i>	Level 3 <i>£'000</i>	Total <i>£'000</i>
<b>Financial liabilities</b>				
Warrant instruments	—	—	1,234	1,234
<b>At 30 September 2015</b>	<u>—</u>	<u>—</u>	<u>1,234</u>	<u>1,234</u>

There have been no significant transfers among levels of the fair value hierarchy during the Relevant Periods.

The methods and valuation techniques used for the purpose of measuring fair value are unchanged as compared to the previous reporting periods.

**Derivatives**

Where derivatives are not traded either on exchanges or liquid over-the-counter markets, the fair value is determined with reference to the market price of equity shares to which the derivatives are linked to using pricing models.

**Information about level 3 fair value measurements**

The fair value of the warrant instruments is estimated using the per share price on a fully diluted basis. The significant unobservable inputs into the model are as follows:

	Warrant instruments			
	As at 31 December			As at 30 September
	2012	2013	2014	2015
Spot price	4.62	12.63	7.38	2.88
Expected dividend yield	<u>0%</u>	<u>0%</u>	<u>0%</u>	<u>0%</u>

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**APPENDIX V ACCOUNTANT'S REPORT OF THE PLETHORA GROUP**

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The per share price on a fully diluted basis requires the input of highly subjective assumptions, including the volatility of share price, therefore the changes in subjective input assumptions can materially affect the fair value estimates.

Increased volatility by 5% would increase the fair value of warrant instruments by approximately £41,000, £321,000, £180,000 and £103,000 as at 31 December 2012, 2013 and 2014 and 30 September 2015, respectively. Lower volatility by 5% would decrease the fair value of warrant instruments by approximately £41,000, £321,000, £180,000 and £103,000 as at 31 December 2012, 2013 and 2014 and 30 September 2015, respectively.

Reconciliation for financial instruments of the Target Group and the Target Company carried at fair value based on significant unobservable inputs (Level 3) are as follows:

	<b>Warrant instruments</b>			
	<b>As at 31 December</b>			<b>As at</b>
	<b>2012</b>	<b>2013</b>	<b>2014</b>	<b>30 September</b>
	<i>£'000</i>	<i>£'000</i>	<i>£'000</i>	<i>£'000</i>
As at 1 January	(293)	(607)	(5,840)	(4,438)
Additions				
Total gains or losses:				
- in profit or loss (included in finance costs and income)	<u>(314)</u>	<u>(5,233)</u>	<u>1,402</u>	<u>3,204</u>
As at 31 December/ 30 September	<u><u>(607)</u></u>	<u><u>(5,840)</u></u>	<u><u>(4,438)</u></u>	<u><u>(1,234)</u></u>
Gains or losses recognised in profit or loss (included in finance costs and income) relating to financial instruments held by the Target Group at the reporting date	<u><u>(314)</u></u>	<u><u>(5,233)</u></u>	<u><u>1,402</u></u>	<u><u>3,204</u></u>

**30. CAPITAL RISK MANAGEMENT**

The Target Group's capital management objectives are to ensure that it can continue as a going concern and has adequate capital to fund marketing and development activities. The Target Group regularly reviews its capital requirements to ensure it is a going concern and is in compliance with all by-laws and restrictions imposed by its lenders.

In order to maintain or adjust the capital structure, the Target Group may issue new shares or sell assets to reduce debt. The Target Group monitors capital on the basis of net assets and the Target Group's strategy is to improve its financial position in order to be able to provide a return to shareholders.

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**APPENDIX V      ACCOUNTANT'S REPORT OF THE PLETHORA GROUP**

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For capital management purpose, the directors of the Target Company regard the total equity presented in the face of statements of financial position as capital. The amounts of total shareholders' deficit attributable to owners of the Target Company as at 31 December 2012, 2013 and 2014 and 30 September 2015 was £5,747,000, £6,812,000, £2,857,000 and £114,000 respectively.

**31. SUBSEQUENT EVENTS**

There is no significant event took place subsequent to the end of the reporting period.

**III. SUBSEQUENT FINANCIAL STATEMENTS**

No audited financial statements have been prepared by the Target Group in respect of any period subsequent to 31 December 2014.

Yours faithfully,

**BDO Limited**  
*Certified Public Accountants*

**A. UNAUDITED PRO FORMA FINANCIAL INFORMATION ON THE ENLARGED GROUP**

**1. Basis of preparation**

The following is an illustrative and unaudited pro forma financial information of the Group as enlarged by the acquisition upon completion (the “**Unaudited Pro Forma Financial Information**”), comprising the unaudited pro forma consolidated statement of financial position, the unaudited pro forma consolidated statement of comprehensive income and the unaudited pro forma consolidated statement of cash flows for the Group as enlarged by the acquisition upon completion.

The Unaudited Pro Forma Financial Information has been prepared on the basis of the notes set out below for the purpose of illustrating the effect of the acquisition upon completion, as if the acquisition had taken place on 30 June 2015 for the unaudited pro forma consolidated statement of financial position, and as if the acquisition had taken place on 1 January 2014 for the unaudited pro forma consolidated statement of comprehensive income and the unaudited pro forma consolidated statement of cash flows.

The Unaudited Pro Forma Financial Information is based on certain assumptions, estimates, uncertainties and other currently available financial information, and has been prepared by the Directors for illustrative purposes only and, because of its hypothetical nature, it may not give a true picture of the financial position, results of operations and cash flows of the Group following the acquisition upon completion as at 30 June 2015 or at any future date or results and cash flows of the Group for the year ended 31 December 2014 or for any future period.

The Unaudited Pro Forma Financial Information has been prepared using the accounting policies consistent with those of the Group as set out in the published annual report of the Company for the year ended 31 December 2014.

The unaudited pro forma consolidated statement of financial position of the Group as enlarged by the acquisition upon completion is prepared as if the acquisition had taken place on 30 June 2015 and is based on: (i) the unaudited consolidated statement of financial position of the Group as at 30 June 2015, which was extracted from the published interim report of the Company for the six months ended 30 June 2015 as set out in Appendix IV to this circular; and (ii) the audited consolidated statement of financial position of the Plethora Solutions Holdings plc and its subsidiaries (collectively referred to as the “**Target Group**”) as at 30 September 2015, which was extracted from the accountant’s report of the Plethora Group thereon set out in Appendix V to this circular, after making pro forma adjustments that are directly attributable to the acquisition and not relating to future events or decisions, and are factually supportable.

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**APPENDIX VI      UNAUDITED PRO FORMA FINANCIAL INFORMATION OF THE ENLARGED GROUP**

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The unaudited pro forma consolidated statement of comprehensive income and unaudited pro forma consolidated statement of cash flows of the Group as enlarged by the acquisition upon completion for the year ended 31 December 2014 are prepared as if the acquisition had taken place on 1 January 2014 and are based on (i) the audited consolidated statement of comprehensive income and the audited consolidated statement of cash flows of the Group for the year ended 31 December 2014, which were extracted from the published annual report of the Company for the year ended 31 December 2014; and (ii) the audited consolidated statement of comprehensive income and the audited consolidated statement of cash flows of the Target Group for the year ended 31 December 2014, which were extracted from the accountant's report thereon set out in Appendix V to this Circular, after making pro forma adjustments that are directly attributable to the acquisition: and not relating to future events or decisions, and are factually supportable.

The Unaudited Pro Forma Financial Information should be read in conjunction with other financial information included elsewhere in this circular.

## 2. Unaudited Pro Forma Consolidated Statement of Financial Position of the Enlarged Group

As at 30 June 2015

	(Unaudited) The Group as at 30 June 2015	(Audited) The Target Group as at 30 September 2015	(Audited) The Target Group as at 30 September 2015	Pro Forma Adjustments							Pro forma of the Enlarged Group	
				Note 1	Note 2	Note 2	Note 3	Note 4	Note 5	Note 6		Note 7
				Sub-total								
				USD '000	USD '000	USD '000	USD '000	USD '000	USD '000	USD '000	USD '000	USD '000
<b>Non-current assets</b>												
Property, plant and equipment	74	65	102	176							176	
Other intangible assets	3,640	—	—	3,640			(3,640)				—	
Interest in associates	20,361	—	—	20,361		(11,473)	(5,637)				1	
Available-for-sale financial assets	4,914	—	—	4,914							4,914	
Other receivables	1,018	—	—	1,018							1,018	
Intangible asset	—	—	—	—			191,014				191,014	
	30,007	65	102	30,109							197,123	
<b>Current assets</b>												
Cash and bank	7,617	1,614	2,538	10,155			1,575		(2,857)		8,873	
Financial assets at fair value through profit or loss	12,143	—	—	12,143							12,143	
Loan receivables	291	—	—	291							291	
Prepayments, deposits and other receivables	1,305	374	588	1,893						(50)	1,843	
Derivative financial instruments	1,053	—	—	1,053					(241)		812	
	22,409	1,988	3,126	25,535							23,962	
<b>Current liabilities</b>												
Trade payables, deposit received, accruals and other payables	(3,067)	(589)	(926)	(3,993)			(14)				(4,001)	
Derivative financial instruments	(158)	—	—	(158)							(158)	
Borrowings	—	(1,234)	(1,940)	(1,940)			1,940				—	
	(3,225)	(1,823)	(2,866)	(6,091)							(4,159)	

	(Unaudited) The Group as at 30 June 2015	(Audited) The Target Group as at 30 September 2015	(Audited) The Target Group as at 30 September 2015	Pro Forma Adjustments							Pro forma of the Enlarged Group	
				USD '000								USD '000
				Note 1	Note 2	Note 2	Note 3	Note 4	Note 5	Note 6		
<b>Net current assets</b>	19,184	165	260								19,803	
<b>Total assets less current liabilities</b>	49,191	230	362								216,926	
<b>Non-current liabilities</b>												
Borrowings	—	(344)	(541)	541							—	
Deferred tax liability	—	—	—	—			(19,101)				(19,101)	
	—	(344)	(541)	(541)							(19,101)	
<b>Net assets</b>	49,191	(114)	(179)	49,012							197,825	
<b>Capital and reserves attributable to shareholders of the Company</b>												
Share capital	34,857	8,233	12,946	47,803	2,481		125,044				175,328	
Share premium	275,389	48,091	75,623	351,012	6,138		91,237				448,387	
Accumulated losses	(274,573)	(64,256)	(101,043)	(375,616)	(1,899)		(46,168)		(2,857)		(438,057)	
Share-based payment reserve	2,220	2,905	4,568	6,788	(4,568)						2,220	
Capital redemption reserve	8,228	—	—	8,228	—						8,228	
Investment revaluation reserve	733	—	—	733	—						733	
Statutory reserve	176	—	—	176	—						176	
Foreign currency exchange reserve	2,198	—	—	2,198	(1,351)						847	
Convertible loan note reserve	—	5	9	9	(9)						—	
Other reserve	—	4,908	7,718	7,718			(7,718)				—	
	49,228	(114)	(179)	49,049							197,862	
<b>Non-controlling interests</b>	(37)	—	—	(37)	—						(37)	
<b>Total equity</b>	49,191	(114)	(179)	49,012							197,825	

**Notes to the Unaudited Pro Forma Consolidated Statement of Financial Position of the Enlarged Group**

- 1) The unaudited consolidated statement of financial position of the Group is extracted without any adjustments from unaudited consolidated financial statements of the Group as at 30 June 2015 as published in the interim report of the Company for the six months ended 30 June 2015.
- 2) The amounts are extracted from the audited consolidated statement of financial position of the Target Group as set out in Appendix V to the circular (translated into USD at closing exchange rate at 30 June 2015 of £1 = USD1.5725), and represents the Target Group's consolidated financial position as at 30 September 2015.
- 3) At the date of acquisition, it is assumed that a total of 157,789,489 shares of the Target Group will be issued to the holders of the convertible loans and the in-the-money equity convertible instruments outstanding at that date. Convertible loans comprise the JM Convertible Loan (17,000,000 shares), and the equity convertible instruments comprise the CfE and Galloway Warrants (86,589,489 shares) and the beneficiaries under the Long Term Incentive Plan ("LTIP") (54,200,000 shares). This number of shares is the maximum number of shares that could be issued under such loans and equity instruments and will dilute the Group's ownership from 10.54% to 8.85%, giving rise to a loss on deemed disposal of an associate of US\$1,899,000 after taking into account the release of foreign currency exchange reserve of US\$1,351,000. Adjustments have accordingly been made to reflect the above, including recording increases in Plethora's share capital and share premium as a result of conversion of these convertible equity instruments/ convertible loans as well as an increase in cash from the exercise of CfE and Galloway Warrants.
- 4) As a consequence of the proposed acquisition, Plethora will become a wholly-owned subsidiary by way of step acquisition, as previously the Group accounted for its minority interest in Plethora as an associate. Under HKFRS 3, the Group is required to recognise a gain or loss between the carrying value of its interest in Plethora (while an associate) and the fair value of this interest at the date of acquisition,. As Plethora is listed on the AIM market in the United Kingdom, the Directors consider Plethora's market price at 30 June 2015 to be the most reliable way to determine the fair value of its existing stake in Plethora. On this basis, the Directors determined the fair value of the Group's existing interest in Plethora at the date of acquisition was US\$5,637,000, giving rise to a revaluation loss in its interest in Plethora of US\$11,473,000.
- 5) Upon issue of the Consideration Shares, amounting to 14,047,113,239 new Regent shares to acquire the remaining 91.15% shareholding interest in Plethora that Regent Pacific does not already own (including all in-the-money convertible equity instruments and convertible loans), the net identifiable assets of the Target Group will be accounted for by the Group at their fair values under the acquisition method in accordance with Hong Kong Financial Reporting Standard 3 (Revised) "Business Combinations" ("HKFRS 3 (Revised)"). Based on Regent's share price at 30 June 2015 of HK\$0.173, the Share Consideration arising from the issue of the Consideration Shares is approximately US\$313,483,000.



In connection with the proposed acquisition, the Group has appointed Grant Sherman Appraisal Limited (“**Grant Sherman**”), an independent professional valuer, to estimate the business enterprise valuation (i.e. the fair value of the entity as a whole) of the Target Group as at 30 September 2015 (“**the BE Valuation**”). Grant Sherman used the discounted cash flow method under the Income approach to derive the BE Valuation of Plethora. Under this approach, the fair value of Plethora as an entity was determined by discounting the future free cash flow available for distribution to shareholders to their present value using market-derived rates of return appropriate for the risks and hazards (discount rate) associated with comparable businesses. Grant Sherman’s valuation report underlying the BE Valuation is set out in the VSA circular in section IX. In the opinion of the Directors, the fair value of the identifiable assets and liabilities of the Target Group (other than the PSD502™ intangible asset) approximated their carrying amount. Accordingly, based on the BE Valuation, the Directors have derived the fair value of the Target Group’s intangible asset (PSD502™), which is essentially the Target Group’s only income-generating asset, to be approximately US\$191,014,000. An adjustment for the expected future taxable temporary differences arising from this intangible asset has been recognised in deferred tax in the amount of US\$19,101,000 based on the expected tax rate of 10% applicable to future royalty income streams generated by this asset.

Adjustments to reflect the above include an increase in Regent’s share capital and share premium, elimination of the Regent’s interest in associates and the pre-acquisition share capital and reserves of the Target Group, recognition of the fair value of Target Group’s tangible assets and liabilities at their acquisition date, as well as its intangible asset (including its related deferred tax liability).

For the purposes of the preparation of the Unaudited Pro Forma Consolidated Statement of Financial Position of the Enlarged Group, the Directors consider that no impairment is required in respect of the intangible asset arising from the acquisition taking into account the business potential of the Target Group and other factors as disclosed in the circular. The Directors confirm that they will apply consistent accounting policies and principal assumptions for the assessment of impairment of intangible asset in the preparation of the consolidated financial statements of the Group after the completion of the acquisition.

After the completion of the acquisition, the Group will perform an annual impairment test for the cash-generating unit to which the intangible asset has been allocated in accordance with the Company’s accounting policies and the requirements of Hong Kong Accounting Standard 36 “Impairment of Assets”.

Since the fair values and carrying amounts of the identifiable net assets of the Target Group and the fair value of the previously held interests as at the Completion Date may be materially different from their respective values used in the preparation of the Unaudited Pro Forma Financial Information, the actual amounts of the assets, liabilities and goodwill/ negative goodwill to be recorded in the consolidated financial statements of the Group upon completion may be materially different from the estimated amounts shown in the Unaudited Pro Forma Financial Information.

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**APPENDIX VI      UNAUDITED PRO FORMA FINANCIAL INFORMATION OF THE ENLARGED GROUP**

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The illustrative financial impact of the transaction is analysed below:

	<b>Carrying value of the Target Group as at 30 September 2015 USD'000</b>	<b>Adjustment for cash upon conversion of warrants USD'000</b>	<b>Adjustments on identifiable assets and liabilities of the Target Group USD'000</b>	<b>Fair value of net identifiable assets to be acquired as at 30 September 2015 USD'000</b>
Property, plant and equipment	102			102
Trade and other receivables	588			588
Cash and cash equivalents	2,538	1,575		4,113
Trade and other payables*	(926)			(926)
Intangible asset	—		191,014	191,014
Deferred tax liability	<u>—</u>		(19,101)	<u>(19,101)</u>
Net identifiable assets to be acquired	<u>2,302</u>			<u>175,790</u>
Share consideration			Note A	313,483
Derivative financial instruments related to the Target Group			Note B	241
Fair value of previously held interests in the Target Group			Note C	5,637
Other intangible assets			Note D	3,640
Less: Fair value of net identifiable assets to be acquired				<u>(175,790)</u>
Goodwill				<u>147,211</u>
Less: Impairment of goodwill on acquisition			Note E	<u>(147,211)</u>
				<u>—</u>

\* *It is assumed that all convertible loans and convertible equity instruments which are “in-the-money” are converted into Plethora shares as at the acquisition date as set out in the HK VSA Announcement dated 15 December 2015. These instruments, which are included under “borrowings” in Plethora’s financial statements, are accordingly not included in the assets and liabilities to be acquired by the Group (save for any cash to be received by Plethora on exercise of warrants) at the acquisition date.*

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**APPENDIX VI      UNAUDITED PRO FORMA FINANCIAL INFORMATION OF THE ENLARGED GROUP**

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*Note A:* The Directors have determined the share consideration by applying Regent's market price at 30 June 2015 of HK\$0.173 to the total number of shares to be issued to Plethora's shareholders, being the Consideration Shares of 14,047,113,239 as set out in take-over offer. The ordinary shares of the Company have a par value of US\$0.01. Therefore the breakdown of the Consideration Shares would be as follows:

	<i>USD'000</i>
Share capital	140,471
Share premium	<u>173,012</u>
	<u>313,483</u>

*Note B:* It represents the lapse of the Plethora fundraising warrants owned by the Company related to the Plethora Group upon the completion of acquisition.

*Note C:* It represents the fair value of previously held interests in the Target Group at 30 June 2015 based on Plethora's share market price at that date. Further details and explanation are set out in note 4 above.

*Note D:* Represents contractual/ economic rights arising from the Sharwood Promissory Note which the Group acquired for £2.4 million (or approximately US\$3.7 million) on 5 June 2015. Under the promissory note, the Group is entitled to receive certain success-based royalties from Plethora. Upon acquisition of the Target Group, these contractual payments/ entitlements will effectively be settled within the Enlarged Group, and accordingly the carrying value of the promissory note is included as part of the consideration to acquire the Target Group. Further details are set out in the HK VSA Announcement dated 15 December 2015.

*Note E:* All of the goodwill of US\$147,211,000 attributable to the acquisition of Plethora is deemed to have been fully impaired on the date of acquisition. This is because all of the future cash flows and future value of Plethora are essentially represented in the carrying value of its PSD502™ patent (intangible asset) of US\$191,014,000 as explained in Note 5. Accordingly, any impairment test, including any value in use assessment of the carrying value of goodwill is highly likely to conclude there has been significant, if not full impairment of any goodwill.

The Directors note that the reason for the goodwill arising on the acquisition of Plethora is for the purposes of the pro forma consolidated financial position and is so large is because the Company's share price at 30 June 2015 of HK\$0.173 was very high, relative to its average traded price during 2015 of HK\$0.109 and its average traded price of HK\$0.094 during the last two months since the Company announced the possible take-over of Plethora on 3 November 2015. For example the Company's share price at the date of the HK VSA Announcement of 15 December 2015 was HK\$0.087, which is approximately 50% of the share price at 30 June 2015. Had the Share Consideration been calculated using this share price, the Directors estimate there would have been negative goodwill of approximately US\$8,624,000 instead.

- 6) The adjustment represents the estimated amounts for the legal and professional fees and other expenses incurred for the acquisition of approximately US\$2,857,000.
- 7) The adjustment represents the elimination of the inter-company balances between the Group and the Target Group.

## 3. Unaudited Pro Forma Consolidated Statement of Comprehensive Income of the Enlarged Group

For the year ended 31 December 2014

	(Audited) The Group for the year ended 31 December 2014 Note 1 USD '000	(Audited) The Target Group for the year ended 31 December 2014 Note 2 £ '000	(Audited) The Target Group for the year ended 31 December 2014 Note 2 USD '000	Sub-total	Pro Forma Adjustments			Pro forma of the Enlarged Group USD '000
					Note 3 USD '000	Note 4 USD '000	Note 5 USD '000	
Revenue/ Turnover								
Corporate investment income	(10)	—	—	(10)				(10)
Other income	216	3,862	6,362	6,578		(58)		6,520
	206	3,862	6,362	6,568				6,510
Fair value loss on financial instruments	(11,213)	—	—	(11,213)				(11,213)
	(11,007)	3,862	6,362	(4,645)				(4,703)
Expenses:								
Employee benefit expenses	(4,215)	(1,220)	(2,010)	(6,225)			1,277	(4,948)
Rental and office expenses	(814)	(8)	(13)	(827)				(827)
Information and technology expenses	(184)	—	—	(184)				(184)
Marketing costs and commissions	(7)	—	—	(7)				(7)
Professionals and consulting fees	(995)	(149)	(245)	(1,240)		(2,857)	58	(4,039)
Other operating expenses	(516)	(574)	(946)	(1,462)			(19,353)	(20,815)
Research and development expenses	—	(2,727)	(4,492)	(4,492)				(4,492)
Compensation on termination and release agreements	—	(15,390)	(25,353)	(25,353)				(25,353)



## 4. Unaudited Pro Forma Consolidated Statement of Cash Flows of the Enlarged Group

For the year ended 31 December 2014

	(Audited) The Group ended 31 December 2014	(Audited) The Target Group for the year ended 31 December 2014	(Audited) The Target Group for the year ended 31 December 2014	Pro Forma Adjustments			Pro forma of the Enlarged Group
				Sub-total			
				USD '000	£ '000	USD '000	
Cash flows from operating activities:							
Loss before income tax	(8,567)	(15,734)	(25,919)	(34,486)	(19,353)	(2,857)	(13,941)
Adjustments for:							
Depreciation of property, plant and equipment	94	6	10	104			104
Gain from bargain purchase of an associate	(25,809)	—	—	(25,809)			25,809
Interest income on bank deposits	(2)	—	—	(2)			(2)
Reversal of impairment on loan receivables	(250)	—	—	(250)			(250)
Share of results of associates	10,604	—	—	10,604			425
Unrealised gain on derivative financial instruments	(115)	—	—	(115)			(115)
Unrealised loss on financial assets at fair value through profit or loss	11,663	—	—	11,663			11,663
Loss on deemed disposal of an associate	6,017	—	—	6,017			—
Impairment loss on available-for-sale financial assets	267	—	—	267			267
Non-cash share-based payments	—	775	1,277	1,277			—
Finance income	—	(1,405)	(2,315)	(2,315)			5,945
Finance costs	—	933	1,537	1,537			(1,118)
Amortisation of the intangible asset	—	—	—	—	19,353		19,353
	(6,098)	(15,425)	(25,410)	(31,508)			(34,365)
Changes in working capital							
Decrease/(increase) in loan receivables, prepayments, deposits and other receivables	1,899	(45)	(74)	1,825			1,825
Decrease in financial assets at fair value through profit or loss	249	—	—	249			249
Decrease in trade payables, deposits received, accruals and other payables	(34)	(43)	(71)	(105)			(105)
Cash used in operations	(3,984)	(15,513)	(25,555)	(29,539)			(32,336)
Cash generated by discontinued operations	—	43	71	71			71
Interest paid	—	(5)	(8)	(8)			(8)
Net cash used in operating activities	(3,984)	(15,475)	(25,492)	(29,476)			(32,333)

	(Audited) The Group for the year ended 31 December 2014	(Audited) The Target Group for the year ended 31 December 2014	(Audited) The Target Group for the year ended 31 December 2014	Sub-total	Pro Forma Adjustments		Pro forma of the Enlarged Group
					Note 3 USD '000	Note 4 USD '000	
Cash flows from investing activities:							
Purchase of property, plant and equipment	(2)	(82)	(135)	(137)			(137)
Investment in an associate	(4,404)	—	—	(4,404)			(4,404)
Interest received on bank deposits	2	3	5	7			7
Decrease in margin deposit placed with broker firms	481	—	—	481			481
Dividend received from associates	2,795	—	—	2,795			2,795
Net cash used in investing activities	(1,128)	(79)	(130)	(1,258)			(1,258)
Cash flows from financing activities:							
Proceeds from issue of shares	—	18,138	29,881	29,881			29,881
Share issue costs	—	(604)	(995)	(995)			(995)
Partial repayment of CFE loans	—	(31)	(51)	(51)			(51)
Net cash generated from financing activities	—	17,503	28,835	28,835			28,835
Net (decrease)/increase in cash and cash equivalents	(5,112)	1,949	3,213	(1,899)			(4,756)
Cash and cash equivalents at beginning of the year	9,055	3,117	5,164	14,219			14,219
Effects of foreign currency fluctuations	(355)	—	(484)	(839)			(839)
Cash and cash equivalents at end of the year	3,588	5,066	7,893	11,481			8,624

**Notes to the Unaudited Pro Forma Consolidated Statements of Comprehensive Income and Cash Flows of the Enlarged Group**

- 1) The audited consolidated statement of comprehensive income and the audited consolidated statement of cash flows of the Group are extracted without any adjustments from the audited consolidated financial statements of the Group for the year ended 31 December 2014 as published in the annual report of the Company for year ended 31 December 2014.
- 2) The audited consolidated statement of comprehensive income and the audited consolidated statement of cash flows of the Target Group are extracted without any adjustments from the audited consolidated financial statements of the Target Group for the year ended 31 December 2014 which is set out in Appendix V to the circular (translated into USD at an average and closing exchange rates of £1 = USD1.6474 and 1.5581 respectively), and represent the Target Group's consolidated results and consolidated cash flows for the year ended 31 December 2014.
- 3) Upon the completion of the acquisition of the remaining 91.69% shareholding interest, the net identifiable assets of the Target Group will be accounted for by the Group at their fair values under the acquisition method in accordance with Hong Kong Financial Reporting Standard 3 (Revised) "Business Combinations".

In connection with the proposed acquisition, the Group has appointed Grant Sherman, an independent professional valuer, to estimate the BE Valuation. Grant Sherman used the discounted cash flow method under the Income approach to derive the BE Valuation of Plethora. Under this approach, the fair value of Plethora as an entity was determined by discounting the future free cash flow available for distribution to shareholders to their present value using market-derived rates of return appropriate for the risks and hazards (discount rate) associated with comparable business. Grant Sherman's valuation report underlying the BE Valuation is set out in the VSA Circular in section IX. In the opinion of the Directors, the fair value of the identifiable assets and liabilities of the Target Group (other than the PSD502™ intangible asset) approximated their carrying amount. Accordingly, based on the BE Valuation, the Directors have derived the fair value of the Target Group's intangible asset (PSD502™), which is essentially the Target Group's only income-generating asset, to be approximately US\$191,014,000. An adjustment for the expected future taxable temporary differences arising from this intangible asset has been recognised as a deferred tax liability in the amount of US\$19,101,000 based on the expected tax rate of 10% applicable to future royalty income streams generated by this asset.

The intangible asset is estimated to have a useful life of 10 years to November 2023, based on the market authorisation of PSD502™ that was granted by the European Medicines Agency in November 2013. Accordingly for the purposes of the pro forma statement of comprehensive income, the Enlarged Group will recognise an amortisation charge on the intangible asset of US\$19,353,000 (with tax effect of US\$1,935,000) for the year ended 31 December 2014.

The adjustments referred to above are not expected to have continuing effect on the Enlarged Group's statement of comprehensive income and statement of cash flows, except for the annual amortisation of the intangible asset (and its related tax effect).



**APPENDIX VI      UNAUDITED PRO FORMA FINANCIAL INFORMATION OF THE ENLARGED GROUP**

	<b>Carrying value of the Target Group as at 1 January 2014</b>	<b>Adjustment for cash upon conversion of warrants as at 1 January 2014</b>	<b>Adjustments on identifiable assets and liabilities of the Target Group</b>	<b>Fair value of net identifiable assets to be acquired as at 1 January 2014</b>
	<i>USD'000</i>	<i>USD'000</i>	<i>USD'000</i>	<i>USD'000</i>
Trade and other receivables	822			822
Cash and cash equivalents	5,164	1,060		6,224
Trade and other payables <sup>#</sup>	(1,918)			(1,918)
Intangible asset	—		191,014	191,014
Deferred tax liability	—		(19,101)	<u>(19,101)</u>
Net identifiable assets to be acquired	<u>4,068</u>			<u>177,041</u>
Shares consideration			Note A	179,353
Fair value of previously held interests in the Target Group			Note B	11,882
Less: Fair value of net identifiable assets to be acquired				<u>(177,041)</u>
Goodwill			Note C	<u>14,194</u>

<sup>#</sup> *It is assumed that all convertible loans and convertible equity instruments which are “in-the-money” are converted into Plethora shares as at the acquisition date as set out in the HK VSA Announcement dated 15 December 2015. These instruments, which are included under “borrowings” in Plethora’s financial statements, are accordingly not included in the assets and liabilities to be acquired by the Group (save for any cash to be received by Plethora on exercise of warrants) at the acquisition date.*

*Note A:* The Directors have determined the consideration by applying Regent’s quoted share price at 1 January 2014 of HK\$0.099 to the total number of shares to be issued to Plethora’s shareholders, being the Consideration Shares of 14,047,113,239 as set out in take-over offer. The ordinary shares of the Company have a par value of US\$0.01. Therefore the breakdown of the Consideration Shares would be as follows:

	<i>USD'000</i>
Share capital	140,471
Share premium	<u>38,882</u>
	<u>179,353</u>

*Note B:* It represents the fair value of previously held interests in the Target Group at 1 January 2014 based on Plethora’s share market price at that date. Further details and explanation on this are set out in note 4 above

*Note C:* The Directors note that the reason for the goodwill arising on the acquisition of Plethora is for the purposes of the pro forma consolidated statement of comprehensive income and is because the deemed acquisition date is 1 January 2014 and its then share price was HK\$0.099, giving rise to a share consideration of HK\$179,353,000 and goodwill of HK\$14,194,000. The reason why the Directors do not feel it is necessary to fully impair goodwill for the purposes of the pro forma consolidated statement of comprehensive income is because (i) it is not that material relative to net assets of the Enlarged Group (less than 8%) and (ii) the annual amortisation charge of the intangible asset (net of tax) is US\$17,418,000, which will give sufficient headroom such that a value in use assessment at the end of the year, all things being equal and assuming no unexpected changes/ events etc, will be sufficient to absorb/ justify a relatively small amount of goodwill of HK\$14,194,000. Accordingly the Directors were willing to state that no impairment was necessary for such goodwill for the purposes of the pro forma consolidated statement of comprehensive income. Had the Share Consideration been calculated using the Company's share price at the date of the HK VSA Announcement of 15 December 2015 of HK\$0.087, the Directors estimate there would have been negative goodwill of approximately US\$7,546,000 instead. Should the Company's share price rises such that there is significant goodwill on the date of acquisition, the Enlarged Group would write off all such goodwill on acquisition.

For the purposes of the preparation of the Unaudited Pro Forma Consolidated Statement of Comprehensive Income and Cash Flows of the Enlarged Group, the Directors consider that no impairment is required in respect of the intangible asset and goodwill arising from the acquisition taking into account the business potential of the Target Group and other factors as disclosed in the circular. The Directors confirm that they will apply consistent accounting policies and principal assumptions for the annual assessment of impairment of intangible asset and goodwill in the preparation of the consolidated financial statements of the Group after the completion of the acquisition as required under Hong Kong Accounting Standard 36 "Impairment of Assets".

After the completion of the acquisition, the Group will perform an annual impairment test for the cash-generating unit to which the intangible asset and goodwill have been allocated in accordance with the Company's accounting policies and the requirements of Hong Kong Accounting Standard 36 "Impairment of Assets".

Since the fair values and carrying amounts of the identifiable net assets of the Target Group and the fair value of the previously held interests as at the completion date may be materially different from their respective values used in the preparation of the Unaudited Pro Forma Financial Information, the actual amounts of the assets, liabilities and goodwill/ negative goodwill to be recorded in the consolidated financial statements of the Group upon completion may be materially different from the estimated amounts shown in this Unaudited Pro Forma Financial Information.

- 4) The adjustment represents the estimated amounts regarding the legal and professional fees and other expenses incurred for the acquisition of approximately US\$2,857,000. The adjustment is not expected to have continuing effect on the Enlarged Group's consolidated statement of comprehensive income and consolidated statement of cash flows.
- 5) The adjustment represents the elimination of the inter-company transactions between the Group and the Target Group. The adjustment is expected to have continuing effect on the Enlarged Group's consolidated statement of comprehensive income and consolidated statement of cash flows.

- 6) These adjustments represent the elimination of the activities between or in respect of the Group and the Target Group and/or adjustments to reverse transactions recorded by Regent in 2014 during which the Target Group was treated as an associate. These entries have been reversed for the purposes of the pro forma consolidated results because the Target Group was deemed to be acquired as a wholly owned subsidiary as of 1 January 2014, and accordingly the transactions with the Target Group as an associate would fall away. These adjustments are not expected to have continuing effect on the Enlarged Group's consolidated statement of comprehensive income and consolidated statement of cash flows.

Details of activities are as follows:

- (i) Elimination of gain from bargain purchase of an associate of US\$25,809,000 during the year.
  - (ii) Elimination of loss on deemed disposal of an associate of US\$6,017,000 in respect of dilution of shareholding in an associate during the year.
  - (iii) Elimination of share of loss of an associate of US\$10,179,000 during the year.
  - (iv) Elimination of effective interest charge on borrowings which were deemed to be converted into ordinary shares of the Target Company on 1 January 2014 of US\$2,655,000.
  - (v) Elimination of fair value gain on revaluation of loan warrants which were deemed to be converted into ordinary shares of the Target Company on 1 January 2014 of US\$8,260,000.
  - (vi) Elimination of Plethora's share-based payment charge in 2014 of US\$1,277,000 in respect of LTIP awards granted to directors and an employee in 2013/ 2014, as all such LTIP awards are deemed to have vested on acquisition of the Target Group by The Group, and any share-based payment charge would be a pre-combination expense of the Target Group.
  - (vii) Elimination in cash flows statement of share proceeds of US\$29,881,000 and related share issue costs of US\$995,000 and partial repayment of CfE loans of US\$51,000 by Target Group in 2014, as it is assumed no such transactions would have occurred had the acquisition of Target Group by The Group taken place on 1 January 2014.
- 7) Apart from the above, no other adjustments have been made to the unaudited pro forma consolidated statement of financial position of the Enlarged Group to reflect any trading result or other transactions of the Enlarged Group entered into subsequent to 30 June 2015 where applicable and unaudited pro forma consolidated statement of comprehensive income and unaudited pro forma consolidated statement of cash flows to reflect any trading result or other transactions of the Enlarged Group entered into subsequent to 31 December 2014 where applicable.

*The following is the text of an accountant's report prepared for the sole purpose of inclusion in this circular, received from the independent reporting accountant, BDO Limited, Certified Public Accountants, Hong Kong, in respect of the unaudited pro forma financial information of the Enlarged Group.*

**B. INDEPENDENT REPORTING ACCOUNTANT'S ASSURANCE REPORT ON THE  
COMPILATION OF UNAUDITED PRO FORMA FINANCIAL INFORMATION**



Tel : +852 2218 8288  
Fax: +852 2815 2239  
[www.bdo.com.hk](http://www.bdo.com.hk)

25<sup>th</sup> Floor Wing On Centre  
111 Connaught Road Central  
Hong Kong

電話：+852 2218 8288  
傳真：+852 2815 2239  
[www.bdo.com.hk](http://www.bdo.com.hk)

香港干諾道中111號  
永安中心25樓

4 February 2016

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

Dear Sirs,

We have completed our assurance engagement to report on the compilation of pro forma financial information of Regent Pacific Group Limited (the "Company") and its subsidiaries (collectively the "Group") by the directors of the Company (the "Directors") for illustrative purposes only. The unaudited pro forma financial information consists of the unaudited pro forma consolidated statement of financial position as at 30 June 2015, the unaudited pro forma consolidated statement comprehensive income and unaudited pro forma consolidated statement of cash flows for the year ended 31 December 2014, and related notes as set out in Appendix VI to the circular dated 4 February 2016 (the "Circular") issued by the Company ("the Unaudited Pro Forma Financial Information") in connection with the proposed acquisition by the Company of the entire issued and to be issued ordinary share capital of Plethora Solutions Holdings plc ("Plethora" or the "Target Company") (other than Plethora Shares held by the Group) by means of the proposed scheme of arrangement, or should the Company so select, by means of a takeover offer made by or on behalf of the Company for the entire issued and to be issued share capital of Plethora (other than Plethora Shares held by the Group) ("Acquisition"). The applicable criteria on the basis of which the Directors have compiled the Unaudited Pro Forma Financial Information are described in Section A of Appendix VI to the Circular.

The Unaudited Pro Forma Financial Information has been compiled by the Directors to illustrate the impact of the Acquisition on the Group's financial position as at 30 June 2015 and the Group's financial performance and cash flows for the year ended 31 December 2014 as if the Acquisition had taken place as at 30 June 2015 and 1 January 2014, respectively. As part of this process, information about the Group's financial position as at 30 June 2015 has been extracted by the Directors from the Company's interim report for the six months ended 30 June 2015, on which no audit or review report has been published, and information about the Group's financial performance and cash flows for the year ended 31 December 2014 has been extracted by the Directors from the consolidated financial statements of the Group for the year ended 31 December 2014, on which an audit report has been published. The same information about the Target Group has been extracted by the Directors from Appendix V to this Circular, on which an accountant's report has been published.

### **Directors' Responsibility for the Unaudited Pro Forma Financial Information**

The Directors are responsible for compiling the Unaudited Pro Forma Financial Information in accordance with paragraph 4.29 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules") and with reference to Accounting Guideline 7 "Preparation of Pro Forma Financial Information for Inclusion in Investment Circulars" ("AG 7") issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA").

### **Our Independence and Quality Control**

We have complied with the independence and other ethical requirements of the Code of Ethics for Professional Accountants issued by the HKICPA, which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behavior.

Our firm applies Hong Kong Standard on Quality Control 1 "Quality Control for Firms that Perform Audits and Reviews of Financial Statements, and Other Assurance and Related Services Engagements", and accordingly maintains a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

### Reporting Accountant's Responsibilities

Our responsibility is to express an opinion, as required by paragraph 4.29(7) of the Listing Rules, on the Unaudited Pro Forma Financial Information and to report our opinion to you. We do not accept any responsibility for any reports previously given by us on any financial information used in the compilation of the Unaudited Pro Forma Financial Information beyond that owed to those to whom those reports were addressed by us at the dates of their issue.

We conducted our engagement in accordance with Hong Kong Standard on Assurance Engagements ("HKSAE") 3420 "Assurance Engagements to Report on the Compilation of Pro Forma Financial Information Included in a Prospectus" issued by the HKICPA. This standard requires that the reporting accountant plans and performs procedures to obtain reasonable assurance about whether the Directors have compiled the Unaudited Pro Forma Financial Information in accordance with paragraph 4.29 of the Listing Rules and with reference to AG 7 issued by the HKICPA.

For purpose of this engagement, we are not responsible for updating or reissuing any reports or opinions on any historical financial information used in compiling the Unaudited Pro Forma Financial Information, nor have we, in the course of this engagement, performed an audit or review of the financial information used in compiling the Unaudited Pro Forma Financial Information.

The purpose of the Unaudited Pro Forma Financial Information included in the Circular is solely to illustrate the impact of the Acquisition on unadjusted financial information of the Group as if the Acquisition had been undertaken at an earlier date selected for purposes of the illustration. Accordingly, we do not provide any assurance that the actual outcome of the Acquisition would have been as presented.

A reasonable assurance engagement to report on whether the Unaudited Pro Forma Financial Information has been properly compiled on the basis of the applicable criteria involves performing procedures to assess whether the applicable criteria used by the Directors in the compilation of the Unaudited Pro Forma Financial Information provide a reasonable basis for presenting the significant effects directly attributable to the Acquisition, and to obtain sufficient appropriate evidence about whether:

- the related unaudited pro forma adjustments give appropriate effect to those criteria; and
- the Unaudited Pro Forma Financial Information reflects the proper application of those adjustments to the unadjusted financial information.

The procedures selected depend on the reporting accountant's judgement, having regard to the reporting accountant's understanding of the nature of the Group, the Acquisition in respect of which the Unaudited Pro Forma Financial Information has been compiled, and other relevant engagement circumstances.

The engagement also involves evaluating the overall presentation of the Unaudited Pro Forma Financial Information.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

**Opinion**

In our opinion:

- (a) the Unaudited Pro Forma Financial Information has been properly compiled on the basis stated;
- (b) such basis is consistent with the accounting policies of the Group; and
- (c) the adjustments are appropriate for the purposes of the Unaudited Pro Forma Financial Information as disclosed pursuant to paragraph 4.29(1) of the Listing Rules.

Yours faithfully

**BDO Limited**  
*Certified Public Accountants*  
Hong Kong

**1.    MANAGEMENT DISCUSSION AND ANALYSIS OF THE GROUP**

Set out below is the management discussion and analysis of the results of the Group for each of the financial years ended 31 December 2012, 2013 and 2014 and for period of six months ended 30 June 2015.

The information is extracted from the annual reports and interim report of the Company for the relevant financial years and period, published on both the website of the Stock Exchange ([www.hkexnews.hk](http://www.hkexnews.hk)) and the website of the Company ([www.regentpac.com](http://www.regentpac.com)).

The management discussion and analysis for each financial year and period should be read in conjunction with the financial information of the Group included in the respective annual reports and interim report of the Company.

**(A)   MANAGEMENT DISCUSSION AND ANALYSIS FOR THE PERIOD ENDED 30 JUNE 2015****BUSINESS OVERVIEW****Results for the six months ended 30 June 2015**

The Company recorded a minor profit attributable to the Shareholders of US\$0.13 million for the six months ended 30 June 2015 (2014: US\$12.68 million).

The corporate division recorded a loss of US\$1.19 million for the six months ended 30 June 2015 (2014: US\$0.28 million).

The main elements of the profit are analysed as follows:

	<i>US\$ (million)</i>
Share of profit from Binary	1.46
Share of loss from Plethora	(0.77)
Gain on disposal of Binary	8.94
Loss on deemed disposal of Plethora	(3.56)
Corporate investment	<u>(5.94)</u>
 Total profit attributable to the Shareholders	 <u><u>0.13</u></u>



**FINANCIAL POSITION**

Shareholders' equity increased by 0.99% to US\$49.23 million as at 30 June 2015 from US\$48.75 million as at 31 December 2014. The increase was mainly due to: (i) the increase in market value of available-for-sale financial assets, which increased the investment revaluation reserve by US\$0.33 million; (ii) the increase in the exchange reserve by US\$0.19 million, which was mainly due to share of reserve of associates; (iii) the profit attributable to the Shareholders of US\$0.13 million for the six months ended 30 June 2015; and this was offset against: (iv) the loss on reclassification of share of US\$0.16 million to profit or loss on disposal of an associate.

The investment in Plethora of US\$20.36 million accounted for 41.36% of the Group's shareholders' equity. The Group's assets also comprised: (i) cash of US\$7.62 million; (ii) listed and unlisted investments of US\$17.06 million; (iii) an intangible asset of US\$3.64 million; (iv) derivatives financial instruments of US\$1.05 million; and (v) other assets and receivables of US\$2.69 million.

The Group's liabilities comprised payables and accruals of US\$3.07 million and derivative financial instruments of US\$0.16 million.

**THE GROUP'S LIQUIDITY AND FINANCIAL RESOURCES****Cash position and margin deposits**

As at 30 June 2015, the Group held cash of US\$7.62 million and margin deposits of US\$0.69 million with the Group's brokers for trading of derivatives, representing 15.48% and 1.40%, respectively, of shareholders' equity.

**Current ratio**

As at 30 June 2015, the Group had net current assets of US\$19.18 million and current ratio (being current assets over current liabilities) of 6.94.

**STRATEGIC PLAN**

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

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

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

## **CAPITAL STRUCTURE**

### **Equity**

As at 30 June 2015, the Group's total equity amounted approximately US\$49.19 million.

### **Funding**

As at 30 June 2015, the Group held cash of US\$7.62 million and margin deposits of US\$0.69 million with the Group's brokers for trading of derivatives, representing 15.48% and 1.40%, respectively, of shareholders' equity. The cash and margin deposit amounts do not take into account the Group's holding of securities of financial assets at fair value through profit or loss ("FAFVPL") that amounted to US\$12.14 million as valued at 30 June 2015.

## **GEARING RATIO**

No gearing ratio (being long term debts over total equity and long term debts) is calculated as there was no long term debt as at 30 June 2015 and 31 December 2014.

## **MANAGEMENT OF RISK**

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

## **CHARGE ON ASSETS**

Please refer to the Summary of Australian Tax Related Contingent Liabilities and Charge on Assets in section 1(d) of Appendix IV.

**FINANCIAL INSTRUMENTS**

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

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

**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 ACQUISITION AND DISPOSAL**

As previously announced, during the six months period ended 30 June 2015, the Group: (i) subscribed for 89,753 new ordinary shares in The Diabetic Boot Company Limited for a total consideration of GBP 1.2 million (or approximately US\$1.84 million), representing approximately 18.50% of the share capital of the company; (ii) acquired from Sharwood Limited certain rights and obligations under a promissory note in respect of services provided to Plethora in relation to the procurement of out-licencing opportunities for PSD502™, Plethora's principal product, for a total cash consideration of GBP 2.4 million (or approximately US\$3.67 million); and (iii) disposed 938,978 shares in Binary Holdings Limited ("**Binary**"), being a majority of the Company's shareholding in Binary (previously a 49.90% owned associated company of the Company), for an aggregate consideration of US\$15 million in cash.

**CONTINGENT LIABILITIES**

Please refer to the Summary of Australian Tax Related Contingent Liabilities and Charge on Assets above.

**EMPLOYEES**

The Group, including subsidiaries but excluding associates, employed approximately 19 employees at 30 June 2015. The remuneration policy is to reward key employees by a combination of salaries, profit related discretionary bonuses and share options and share awards, where appropriate. For employees below Board level, remuneration will be determined by the Director(s) responsible for the division whilst, for Directors, remuneration is determined by the Remuneration Committee of the Board (the "**Remuneration Committee**"). In all cases, profit related discretionary bonuses and grants of share rewards will be agreed by the Remuneration Committee of the Board.

**INTERIM DIVIDEND**

The Directors have resolved not to declare an interim dividend in respect of the six months ended 30 June 2015.

**(B) MANAGEMENT DISCUSSION AND ANALYSIS FOR THE YEAR ENDED 31 DECEMBER 2014**

**RESULTS FOR THE YEAR ENDED 31 DECEMBER 2014**

The Company recorded a loss attributable to the Shareholders of US\$8.56 million in 2014, compared with a loss attributable to the Shareholders of US\$25.64 million in 2013.

The corporate division (total income less fair value loss on financial instruments) recorded a loss of US\$11.01 million (2013: US\$16.02 million).

The main elements of the loss are analysed as follows:

	<i>US\$ (million)</i>
Share of profit from Binary	3.63
Share of loss from West China Coke	(4.06)
Share of loss from Plethora	(10.18)
Gain from bargain purchase of an associate	25.81
Loss on deemed disposal of an associate	(6.02)
Reversal of impairment on loan receivables	0.25
Impairment loss on available-for-sale financial assets	(0.27)
Corporate investment segment	(16.83)
Metals mining segment	(0.91)
Coking coal segment and others	<u>0.02</u>
 Total loss attributable to the Shareholders	 <u><u>(8.56)</u></u>

**FINANCIAL POSITION**

Shareholders' equity decreased by 17.27% to US\$48.75 million as at 31 December 2014 from US\$58.93 million as at 31 December 2013. The decrease was mainly due to: (i) the loss attributable to the Shareholders of US\$8.56 million for the year ended 31 December 2014; (ii) the decrease of the exchange reserve by US\$1.68 million, which were offset against: (iii) the increase in investment revaluation reserve by US\$0.06 million.

The carrying value of investments in Binary of US\$5.71 million, West China Coke of US\$1,000 and Plethora of US\$24.50 million accounted for 11.71%, 0% and 50.26% of shareholders' equity respectively. The Group's assets also comprised: (i) cash and bank balances of US\$3.59 million; (ii) listed and unlisted investments of US\$16.01 million; and (iii) derivative financial instruments of US\$0.94 million; and (iv) other assets and receivables of US\$1.57 million.

The Group's liabilities comprised: (i) payables and accruals of US\$3.27 million; and (ii) derivative financial instruments of US\$0.33 million.

**THE GROUP'S LIQUIDITY AND FINANCIAL RESOURCES****Cash position and margin deposits**

As at 31 December 2014, the Group had US\$3.59 million in cash and US\$0.41 million on margin deposits held with the Group's brokers for trading of derivatives that represented 7.36% and 0.84% of its total shareholders' equity

**Current ratio**

As at 31 December 2014, the Group had net current assets of US\$16.27 million and a current ratio (being current assets over current liabilities) of 5.52.

**STRATEGIC PLAN**

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

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

- divesting of non-core assets and investments to enable the Company to pursue growth opportunities and opportunistic investments in the healthcare and life sciences sectors;
- 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 Exchange 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.

**CAPITAL STRUCTURE****Equity**

As at 31 December 2014, the Group's total equity amounted approximately US\$48.71 million.

**Funding**

As at 31 December 2014, the Group had US\$3.59 million in cash and US\$0.41 million on margin deposits held with the Group's brokers for trading of derivatives that represented 7.36% and 0.84% of its total shareholders' equity, which does not take into account the Group's holding of securities of FAFVPL that amounted to US\$13.88 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 2014.

**CONTINGENT LIABILITIES**

Please refer to the Summary of Australian Tax Related Contingent Liabilities and Charge on Assets in section 1(d) of Appendix IV.

**MANAGEMENT OF RISK**

In 2014, 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 mainly include the fluctuation of the equity markets and foreign exchange risk.

**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 2014, the amount of these margin deposits was US\$0.41 million (2013: US\$0.89 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 increased its stake in Plethora to approximately 86.80 million shares through acquisition on the market and participation in a share placement that was completed in September 2014. The Group's shareholding in Plethora was approximately 12.75% as at 31 December 2014.

**SEGMENTAL INFORMATION**

During the year ended 31 December 2014, biopharma has been included in the Group's industry segment.

**EMPLOYEES**

The Group, including subsidiaries but excluding associates, employed approximately 19 employees at 31 December 2014 (2013: 19 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.

**DIVIDEND**

No interim dividend was paid for the year ended 31 December 2014 (2013: Following the disposal of the Company's entire holding in BC Iron Limited on 16 January 2013, the Company declared a special dividend of HK\$0.13 in cash per share on 28 January 2013, which was paid on 15 March 2013.)

The Directors do not recommend the payment of a final dividend (2013: Nil).

**(C) MANAGEMENT DISCUSSION AND ANALYSIS FOR THE YEAR ENDED 31 DECEMBER 2013****RESULTS FOR THE YEAR ENDED 31 DECEMBER 2013**

The Group recorded a loss attributable to the Shareholders of US\$25.64 million in 2013, compared with the loss attributable to the Shareholders of US\$44.85 million in 2012.

The corporate division (revenue and fair value loss on financial instruments) recorded a loss of US\$16.02 million (2012: US\$0.89 million).

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## APPENDIX VII MANAGEMENT'S DISCUSSION AND ANALYSIS OF THE GROUP

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The main elements of the loss are analysed as follows:

	<i>US\$ (million)</i>
Share of profit from Regent Markets	2.59
Share of loss from West China Coke	(3.01)
Loss on disposal of the shares of BC Iron Limited ("BCI")	(3.99)
Impairment loss on West China Coke	(1.20)
Impairment loss on available-for-sale financial assets	(0.51)
Corporate investment	(24.45)
Reversal of deferred tax assets	(5.35)
Write back of the provision of Capital Gains Tax	11.68
Metals mining	(1.53)
Others	<u>0.13</u>
Total loss attributable to the Shareholders	<u><u>(25.64)</u></u>

### FINANCIAL POSITION

Shareholders' equity decreased by 58.27% to US\$58.93 million as at 31 December 2013 from US\$141.23 million as at 31 December 2012. The decrease was mainly due to: (i) the loss attributable to Shareholders of US\$25.64 million for the year ended 31 December 2013, which included bonus payments totaling US\$5 million, (ii) the payment of a special dividend, which reduced the share premium by US\$58.44 million, and these were offset against: (iii) the increase in market value of an available-for-sale financial asset, which increased the investment revaluation reserve by US\$0.34 million, (iv) the share-based payment reserve increase of US\$0.97 million due to the share-based payment on the Group's long term incentive share award scheme, and (v) the increase of the exchange reserve by US\$0.46 million due to the share of reserve from associates.

The investments in Regent Markets of US\$4.86 million and West China Coke of US\$4.27 million accounted for 8.25% and 7.25% of shareholders' equity respectively. The Group's assets also comprised: (i) cash and bank balances of US\$9.06 million, (ii) listed and unlisted investments of US\$40.15 million, (iii) derivative financial instruments of US\$0.51 million, and (iv) other assets and receivables of US\$3.80 million.

The Group's liabilities comprised: (i) payables and accruals of US\$3.31 million and (ii) derivative financial instruments of US\$0.44 million.

### THE GROUP'S LIQUIDITY AND FINANCIAL RESOURCES

#### Cash position and margin deposits

As at 31 December 2013, the Group had US\$9.06 million in cash and US\$1.38 million on margin deposits held with the Group's brokers for trading of derivatives that represented 15.37% and 2.34% of its total shareholders' equity.



**Current ratio**

As at 31 December 2013, the Group had net current assets of US\$47.23 million and current ratio (being current assets over current liabilities) of 13.63.

**STRATEGIC PLAN**

The Board and the Group's senior management play an active role in the Group's strategy development and planning process. The Chief Executive Officer arranged offsite meetings with senior management in December 2013, during which management presented to the Chief Executive Officer proposed initiatives based on the Group's strategy for the 2014 financial year and beyond, and the status of strategy implementation together with the key initiatives undertaken. The Chief Executive Officer regularly interacts with the Board in respect of the strategic plan and direction of the Group, during which meetings the Chief Executive Officer seeks and is provided input in respect of the proposed priorities and initiatives previously discussed and agreed with senior management, aiming at developing an agreed approach for the Group 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 Group 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 Group 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 Group to pursue growth opportunities covering our targeted commodities of choice (iron ore, copper, zinc, thermal and coking coal and gold) as well as opportunistic investments in the life sciences sector;
- leverage off our expert international and local teams to tackle difficult markets, deliver results and achieve global recognition; and
- utilise the Company's Hong Kong listing through strong liquidity and access to international capital markets, together with maintaining our corporate governance and social responsibility standards in line with the policies set down by the Exchange 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.

In respect of the Group's commitment in divesting non-core assets, the Group disclosed that it was considering a divestment of Regent Markets (now Binary Holdings Limited) in 2014 that would seek to unlock potential hidden value for the benefit of our shareholders. In the period to 30 June 2015, the Company duly disposed of 938,978 shares in Binary, being a majority of the Company's shareholding in Binary (previously a 49.90% owned associated company of the Company), for an aggregate consideration of US\$15 million in cash. We valued our investment in Binary at US\$4.9 million in our balance sheet at 31 December 2013.

**CAPITAL STRUCTURE****Equity**

As at 31 December 2013, the Group's total equity amounted approximately US\$58.90 million.

**Funding**

As at 31 December 2013, the Group had US\$9.06 million in cash and US\$1.38 million on margin deposits held with the Group's brokers for trading of derivatives that represented 15.37% and 2.34% 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\$37.81 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 2013.

**CONTINGENT LIABILITIES**

Please refer to the Summary of Australian Tax Related Contingent Liabilities and Charge on Assets in section 1(d) of Appendix IV.

Except for the above mentioned, the Directors are not aware of any litigation or claims of material importance pending or threatened against the Company or any subsidiary of the Group.

**MANAGEMENT OF RISK**

In 2013, 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 West China Coke. Risks relating to the Group's interests mainly include the fluctuation of the equity markets, and foreign exchange.

**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 2013, the amount of these margin deposits was US\$1.38 million (2012: US\$0.59 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:

- increased its stakes in Condor Gold plc to approximately 10.38% through a series of on market acquisitions and a share placement which was completed from February to April 2013 at a total cost of US\$8.98 million;
- increased its stake in Trinity Exploration & Production plc (“**Trinity**”) to approximately 4.12% at a cost of US\$4.72 million through participation in Trinity’s US\$90 million share placement completed in January 2013 following its merger with Bayfield Energy Holdings plc, as well as on market purchases of Trinity shares;
- increased its stake in Plethora Solutions Holdings plc to approximately 13.85% through participation in a share placement that was completed in October 2013;
- increased its strategic position in Venturex by participating in an entitlements issue, following which the Group’s position represented approximately 33.47% of the company’s enlarged share capital; and
- in January 2013, the Group successfully completed the disposal of the Group’s remaining position in BCI, providing the Group with total gross proceeds (before expenses and taxes) of approximately US\$84.73 million and a net realised loss of approximately US\$3.99 million for the year ended 31 December 2013. However, taken as a whole, the disposal was successful because it provided the Group with an overall investment return of approximately US\$48.18 million, comprising sales proceeds (before expenses and taxes) of approximately US\$85.06 million, a special dividend of approximately US\$3.74 million, net of investment costs of approximately US\$40.62 million, representing a “cash-on-cash” return of 2.19 times the Group’s original cash investment, which was an outstanding result on an overall return.

**SEGMENTAL INFORMATION**

During the year ended 31 December 2013, there were no changes in the Group’s industry segment.

**EMPLOYEES**

The Group, including subsidiaries but excluding associates, employed approximately 19 employees at 31 December 2013 (2012: 24 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.

**DIVIDEND**

Following the disposal of the Company's entire holding in BC Iron Limited on 16 January 2013, the Company declared a special dividend of HK\$0.13 in cash per share on 28 January 2013, which was paid on 15 March 2013 (2012: Nil).

The Directors do not recommend the payment of a final dividend (2012: Nil).

**(D) MANAGEMENT DISCUSSION AND ANALYSIS FOR THE YEAR ENDED 31 DECEMBER 2012****RESULTS FOR THE YEAR ENDED 31 DECEMBER 2012**

The Company recorded a loss attributable to the Shareholders of US\$44.85 million, compared with the loss attributable to Shareholders of US\$48.53 million in 2011.

The corporate division (revenue and fair value loss on financial instruments) recorded a loss of US\$0.89 million (2011: US\$24.62 million).

The main elements of the loss are analysed as follows:

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	<i>US\$ (million)</i>
Share of profit from Regent Markets	1.55
Share of loss from West China Coke	(2.98)
Gain on disposal of Ji Ri Ga Lang Coal Project (" <b>JRGL Coal Project</b> ")	4.41
Impairment loss on West China Coke	(9.34)
Impairment loss on available-for-sale financial assets	(6.69)
Corporate investment	(18.98)
Metals mining	(1.90)
Others	0.16
Taxation	<u>(11.08)</u>
Total loss attributable to the Shareholders	<u>(44.85)</u>

**FINANCIAL POSITION**

Shareholders' equity decreased by 22.41% to US\$141.23 million as at 31 December 2012 from US\$182.02 million as at 31 December 2011. The decrease was mainly due to (i) the loss attributable to Shareholders of US\$44.85 million for the year ended 31 December 2012, (ii) the purchase of shares of the Company for a cost of US\$4.81 million, which are held for the Group's long term incentive share award scheme, (iii) the decrease of the exchange reserve by US\$0.11 million mainly due to the disposal of subsidiaries, (iv) the exchange loss of US\$0.07 million on translation of foreign operations, and (v) the decrease of the statutory reserve of US\$0.81 million due to the share of reserve from an associate and these were offset against (vi) the share-based payment reserve increase of US\$9.75 million due to the share-based payment on the Group's long term incentive share award scheme, the reversal of the share-based payment reserve from the forfeited share awards and the share of reserve from an associate, and (vii) the increase of the exchange reserve by US\$0.11 million due to the share of reserve from associates.

The investments in Regent Markets of US\$3.73 million and West China Coke of US\$8.04 million accounted for 2.64% and 5.69% of shareholders' equity respectively. The Group's assets also comprised: (i) cash and bank balances of US\$11.45 million, (ii) listed and unlisted investments of US\$124.34 million, (iii) derivative financial instruments of US\$1.57 million, and (iv) other assets and receivables of US\$2.74 million.

The Group's liabilities comprised (i) payables and accruals of US\$3.37 million and (ii) the deferred tax liability of US\$7.20 million.

**THE GROUP'S LIQUIDITY AND FINANCIAL RESOURCES****Cash position and margin deposits**

As at 31 December 2012, the Group had US\$11.45 million in cash and US\$0.59 million on margin deposits held with the Group's brokers for trading of derivatives that represented 8.11% and 0.42% of its total shareholders' equity.

**Current ratio**

As at 31 December 2012, the Group had net current assets of US\$131.14 million and current ratio (being current assets over current liabilities) of 39.87.

**STRATEGIC PLAN**

The Board and the Company's senior management play an active role in the Group's strategy development and planning process. The Chief Executive Officer arranged offsite meetings with senior management in December 2012, during which management presented to the Chief Executive Officer proposed initiatives based on the Group's strategy for the 2013 financial year and beyond, and the status of strategy implementation together with the key initiatives undertaken. The Chief Executive Officer regularly interacts with the Board in respect of the strategic plan and direction of the Group, during which meetings the Chief Executive Officer seeks and is provided input in respect of the proposed priorities and initiatives previously discussed and agreed with senior management, aiming

at developing an agreed approach for the Group 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 Group 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 Group can better identify and manage its risks.

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

- transform into a diversified mid-tier mining house by divesting of non-core assets and investments to enable the Group to pursue growth opportunities (by acquiring and developing strategic 'economic' mining assets, of sufficient grade and scale, supported by infrastructure) covering our targeted commodities of choice (iron ore, copper, zinc, thermal and coking coal and gold);
- leverage off our expert international and local teams to tackle difficult markets, deliver results and achieve global recognition;
- actively fund and execute exploration plans with the view of adding to the Group's global resource base; and
- utilise the Company's Hong Kong listing through strong liquidity, demand for resource equities 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 Exchange and best practice.

The Company is also 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.

## **CAPITAL STRUCTURE**

### **Equity**

As at 31 December 2012, the Group's total equity amounted approximately US\$141.29 million.

### **Funding**

As at 31 December 2012, the Group had US\$11.45 million in cash and US\$0.59 million on margin deposits held with the Group's brokers for trading of derivatives that represented 8.11% and 0.42% of its total shareholders' equity, which does not take into account the Group's holding of listed securities that amounted to US\$119.73 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 2012.

**CONTINGENT LIABILITIES**

The Group has no material contingent liabilities as at 31 December 2012.

**CHARGE ON ASSETS**

None of the Group's assets was pledged as at 31 December 2012.

**MANAGEMENT OF RISK**

In 2012, 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 West China Coke. Risks relating to the Group's interests mainly include the fluctuation of the equity markets and foreign exchange.

**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 2012, the amount of these margin deposits was US\$0.59 million (2011: US\$8.93 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 dollar.

**MATERIAL ACQUISITIONS AND DISPOSALS**

As previously announced, during the year the Group:

- bolstered its strategic position in BC Iron Limited ("BCI") to 23.11% of its issued and outstanding share capital as at 30 June 2012 (which was subsequently diluted to 20.10% following its non-participation in the BCI share placement in December 2012), following which, it sought and had appointed Jamie Gibson to the board of BCI as a non-executive director;
- further increased its strategic position in Venturex Resources Limited ("Venturex") to 31.87% through a series of on-market acquisitions and participation in an entitlements issue;

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## APPENDIX VII MANAGEMENT'S DISCUSSION AND ANALYSIS OF THE GROUP

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- disposed of its remaining interest in Polo, providing the Group with an overall investment return of approximately US\$5.07 million comprising sales proceeds (before expenses) of approximately US\$8.43 million, dividends received of approximately US\$6.72 million, net of investment costs of approximately US\$10.08 million over the period from the year of 2008 to 2012; and
- disposed of its interests in the JRGL Coal Project in January 2012, which generated a realised gain of US\$4.41 million.

As previously announced, post year end the Group:

- increased its stakes in Condor to 9.45% at a cost of US\$8.14 million without exercising its option to further subscribe for additional shares at a cost of Condor Gold plc of GBP 3 million and Trinity Exploration & Production plc to 3.67% at a cost of US\$4.04 million (following its merger with Bayfield Energy Holdings plc);
- disposed of its entire shareholding in BCI in January 2013 for US\$84.73 million in cash (total gross proceeds before expenses and taxes), providing the Group with an overall investment return of approximately US\$44.32 million (before expenses and taxes); and
- sought and had appointed James Mellon to the board of Venturex as a non-executive director.

### SEGMENTAL INFORMATION

During the year ended 31 December 2012, there were no changes in the Group's industry segment.

### EMPLOYEES

The Group, including subsidiaries but excluding associates, employed approximately 24 employees at 31 December 2012 (2011: 27 employees). The remuneration policy is to reward key employees by a combination of salaries, profit related discretionary bonuses, 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 Company. In all cases, profit related discretionary bonuses grants of share rewards will be agreed by the Remuneration Committee of the Board. During the year and up to the date of this report, 166,000,000 share awards were granted to eligible participants.

### DIVIDEND

Following the disposal of the Company's entire holding in BC Iron Limited on 16 January 2013, the Company declared a special dividend of HK\$0.13 in cash per share on 28 January 2013, which was paid on 15 March 2013 (2011: A special interim dividend of HK\$0.03 per share).

The Directors do not recommend the payment of a final dividend (2011: Nil).



**MANAGEMENT'S DISCUSSION AND ANALYSIS OF THE PLETHORA GROUP**

Set out below is the management discussion and analysis of the results of the Plethora Group for each of the financial years ended 31 December 2012, 2013 and 2014 and for period of nine months ended 30 September 2015.

**(A) MANAGEMENT DISCUSSION AND ANALYSIS FOR THE YEAR ENDED 31 DECEMBER  
2012, 2013 AND 2014****BUSINESS OVERVIEW****Results for the year ended 31 December 2012, 2013 and 2014**

During the year ended 31 December 2012, 2013 and 2014, the Plethora Group recorded a loss of GBP 3.87 million, GBP 8.5 million and GBP 15.69 million respectively. The total operating costs for the year ended 31 December 2012, 2013 and 2014 of GBP 1.52 million, GBP 2.90 million and GBP 16.21 million which include R&D costs related to the regulatory development of PSD502™ of the GBP 0.61 million, GBP 1.59 million and GBP 17.34 million, and (ii) administrative expenses of GBP 0.91 million, GBP 1.31 million and GBP 2.73 million respectively.

A net finance charge of GBP 1.31 million and GBP 6.15 million were recognised for the year ended 31 December 2012 and 2013 respectively. This charge are generated as a result of fair valuing the Plethora Group's warrant instruments as at 31 December 2012 and 2013 (GBP 0.31 million credit and GBP 5.23 million credit respectively) and effective interest charge on borrowings, which offset by the bank interest income of GBP 1,000 and GBP 2,000 respectively.

A net finance income of GBP 0.47 million would be recognised in the annual results for the year ended 31 December 2014. This credit was generated as a result of fair valuing the Plethora's warrant instruments as at 31 December 2014 (GBP 1.41 million credit) offset by the interest charge and unwind of the discount applied to Plethora's borrowings (GBP 0.93 million cost).

**SIGNIFICANT INVESTMENT**

The Plethora Group has no significant investments held as at 31 December 2012, 2013 and 2014.

**THE PLETHORA GROUP'S LIQUIDITY AND FINANCIAL RESOURCES****Cash position**

As at 31 December 2012, 2013 and 2014, the Plethora Group held cash of GBP 31,000, GBP 3.12 million and GBP 5.07 million respectively.

**Current ratio**

As at 31 December 2012, 2013 and 2014, the Plethora Group had net current assets/(liabilities) of (GBP 5.14 million), (GBP 4.24 million) and (GBP 2.93 million) and current ratio (being current assets over current liabilities) of 0.04, 0.46 and 0.66 respectively.

**Outlook****As at 31 December 2012**

The prosecution of the European Marketing Authorisation with the EMA is progressing according to plan and based on the information available the directors of Plethora believe there are no matters which should prevent approval in late 2013.

Plethora has stated that it intends to partner PSD502™ with a large pharmaceutical company with the sales and marketing resources to exploit fully the product's potential in the market. It has previously been announced that conversations have commenced with a number of companies. The directors of Plethora believe that such an agreement will provide for the payment of upfront, milestone and royalties and that these have the potential, based on previous negotiations and comparable transactions, to provide very significant cash flow to Plethora.

**As at 31 December 2013**

Following the closure of The Urology Co in 2013, the operating cost base of the Plethora Group has been reduced substantially. Over the course of 2013, the Plethora Group has achieved further savings in general and administrative expenses. At the same time the debt restructuring provides for all future interest to accrue to the point of maturity or repayment. These changes have enabled the Plethora Group to maximize its investment in the commercial development of PSD502™.

On 26 March 2014 the Group announced that it had entered into an agreement with Pharmaserve (North West) Limited to develop a new 6 dose canister and establish a production line for the manufacture of PSD502™ which will allow the Plethora Group to achieve optimum price points per unit sold in accordance with the advice provided by specialist marketing consultants. This is a key development in terms of bringing the product to market in the EU and assisting in the submission of an NDA to the FDA in the USA.

**As at 31 December 2014**

The next financial year is expected to be an exciting period to prepare for the initial commercial launch of PSD502™ in the EU and other territories. A decision was taken to instruct Pharmaserve (North West) Limited and Catalent, to proceed in the manufacture of a 20 dose can in compliance with the existing EMA approval for preserving the sunset date of 14 November 2016. In the meantime, Plethora will continue to work with its manufacturing partner to perfect the manufacturing process to develop a 6 dose canister which will release a further €6 million milestone receipt from Plethora's commercial partner Recordati on receipt of EMA approval.

A number of discussions are taking place with other potential licensing partners covering other territories outside of Recordati's territory. Plethora anticipates that further announcements regarding new licensing agreements will be made in 2015, which should facilitate the receipt of further upfront payments, provided that the six dose canister can be commercially produced. An announcement regarding a commercial partner for the US market is not expected to take place until Plethora is further along the process of securing FDA approval. In relation to the FDA approval process, a new clinical trial will commence in the latter half of 2015, which will allow the new clinical dossier to be submitted in early 2016.

In accordance with the protocol prescribed by the Prescription Drug User Fee Act, the FDA will be required to respond to the dossier within a 10 month timescale which would facilitate a commercial launch in the USA in the first part of 2017.

## **CAPITAL STRUCTURE**

### **Equity**

As at 31 December 2012, 2013 and 2014, the shareholders' deficit amount approximately GBP 5.75 million, GBP 6.81 million and GBP 2.86 million respectively.

### **Funding**

As at 31 December 2012, 2013 and 2014, the Plethora Group held cash of GBP 31,000, GBP 3.12 million and GBP 5.07 million respectively.

Given the current stage in the development of PSD502™, the Plethora Group did not generate any revenues for the year ended 31 December 2012 and 2013, but the Plethora Group received a milestone income of GBP 3.86 million for the year ended 31 December 2014.

Plethora has no external trading activity of its own and is therefore reliant on Plethora Solutions Limited, a subsidiary undertaking, to provide sufficient financing, in the absence of any additional shareholder investment. Plethora has no bank debt or any other senior debt facilities. It is anticipated that most of the outstanding investor debt in the business will be settled in 2015 through the issue of new shares as opposed to a significant cash commitment to fund the repayments. The directors of Plethora have prepared detailed cash flow forecasts through to the end of the 2016 that show that Plethora has adequate working capital to meet its immediate needs as a result of Plethora Solutions Limited repaying its intercompany debt from the expected future milestone and royalty revenues from the commercialisation of PSD502™, following approval of six dose canister.

**GEARING RATIO**

As at 31 December 2012, 2013 and 2014, the Plethora Group's gearing ratios, which equals total debt divided by total equity, were not applicable as the Plethora Group were in shareholders' deficit.

**MANAGEMENT OF RISK****Credit risk**

The Plethora Group manages its trade receivables to ensure that credit risk is minimised by avoiding concentration with any one customer. All trade receivables have set credit terms which are monitored. The Plethora Group works to ensure that it receives acceptable trading terms from its suppliers. Cash is held with UK high street banks.

**Liquidity risk**

The Plethora Group seeks to manage financial risk by ensuring it has adequate liquid resource to meet its obligations as they fall due. The Plethora Group uses share issues and loans to raise finance for the Plethora Group's activities. The directors of Plethora prepare detailed cash flow forecasts which are monitored frequently to ensure that all obligations can be settled as they fall due.

**Interest rate risk**

All interest rates on the Plethora Group's borrowings are fixed. A sensitivity analysis of interest has not been performed as all rates are fixed, therefore there is no interest rate sensitivity.

**Exchange rate risk**

The Plethora 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 Plethora Group has no material financial liabilities denominated in foreign currencies other than GBP.

**CHARGE ON ASSETS**

The Plethora Group has no charge on assets as at 31 December 2012, 2013 and 2014.

**FINANCIAL INSTRUMENTS**

The Plethora Group uses financial instruments comprising cash and short-term deposits, a third party loan and convertible debt instruments. It had issued warrant instruments in relation to loan and convertible debt arrangements. It does not enter into derivative transactions such as interest rate swaps, forward rate agreements or forward currency contracts. The Plethora Group has items such as trade payables and, in the prior year, trade receivables that arise directly from its operations.

**MATERIAL ACQUISITION AND DISPOSAL**

The Plethora Group had no material acquisition and disposal for the year ended 31 December 2012, 2013 and 2014.

**CONTINGENT LIABILITIES**

The Plethora Group had no material contingent liabilities as at 31 December 2012, 2013 and 2014.

**EMPLOYEE AND REMUNERATION POLICIES**

The Plethora Group, including subsidiaries but excluding associates, employed approximately 5 employees at 31 December 2012, 2013 and 2014. The remuneration policy is to reward key employees by a combination of salaries, pensions, profit related discretionary bonuses and share options and share awards, where appropriate.

**DIVIDEND**

The directors of Plethora have resolved not to declare dividend in respect of the year ended 31 December 2012, 2013 and 2014.

**(B) MANAGEMENT DISCUSSION AND ANALYSIS FOR THE PERIOD ENDED 30  
SEPTEMBER 2014 AND 2015****BUSINESS OVERVIEW****Results for the nine months ended 30 September 2014 and 2015**

During the nine months to 30 September 2014 and 2015, the Plethora Group recorded a loss for the period of GBP 14.57 million and GBP 1.48 million respectively. The total operating costs for the nine months ended 30 September 2014 and 2015 of GBP 18.56 million and GBP 4.11 million which include R&D costs related to the regulatory development of PSD502™ of GBP 1.73 million and GBP 2.06 million, and (ii) administrative expenses of GBP 1.43 million and GBP 2.04 million respectively.

A net finance income of GBP 0.08 million and GBP 3.00 million were recognised in the interim result for the nine months ended 30 September 2014 and 2015 respectively. This credit are generated as a result of fair valuing the Plethora Group's warrant instruments as at 30 September 2014 and 2015 (2014: GBP 0.71 million credit and 2015: GBP 3.22 million) offset by the interest charge and unwind of the discount applied to the Plethora Group borrowings (2014: GBP 0.63 million cost and 2015: GBP 0.22 million).

**SIGNIFICANT INVESTMENT**

The Plethora Group has no significant investments held as at 30 September 2014 and 2015.

**THE PLETHORA GROUP'S LIQUIDITY AND FINANCIAL RESOURCES****Cash position**

As at 30 September 2015, the Plethora Group held cash of GBP 1.61 million.

**Current ratio**

As at 30 September 2015, the Plethora Group had net current assets of GBP 0.17 million and current ratios (being current assets over current liabilities) of 1.09.

**Outlook****As at 30 September 2014**

The Plethora Group is on track in relation to all its key performance measures as it moves along the path to establishing an approved manufacturing facility and bringing PSD502™ to market. The first commercialisation agreement with the European Partner, if signed, will represent a major potential milestone in the development of the business. If secured, this should help to pave the way to new agreements in new territories in parallel with continued progress towards FDA approval to facilitate the launch of the product in the key North American market.

**As at 30 September 2015**

The Plethora Group is on track in relation to all its key performance measures as it moves along the path with its manufacturing partners to producing a commercially viable Reduced Fill Product, filing its NDA with the FDA and bringing PSD502™ to market through its strategic commercial partners.

The Plethora Group will continue to work with its manufacturing partners to complete feasibility and development work on the redesigned Reduced Fill Product. Production of the good manufacturing practices ("GMP") batches of the Reduced Fill Product is expected to commence in November 2015, with the aim of obtaining EU approval variation by 30 June 2016. This would release a further €6 million milestone receipt from the Plethora's commercial partner Recordati and enable the commercial launch of the product by Recordati in the EU during the latter half of 2016.

Negotiations with new potential licensing partners covering other geographies outside of those included in the agreement with Recordati are now at an advanced stage. The completion of these negotiations is dependent on the production of GMP batches of the Reduced Fill Product by Plethora's manufacturing partners.

**CAPITAL STRUCTURE****Equity**

As at 30 September 2015, the Plethora Group's total shareholders' deficit amount approximately GBP 0.11 million.

**Funding**

As at 30 September 2015, the Plethora Group held cash of GBP 1.61 million.

Given the current stage in the development of PSD502™, the Plethora Group did not generate any revenues during the period as at 30 September 2015.

The directors of Plethora have prepared detailed cash flow forecasts through to the end of 2015 that show that the Plethora Group has adequate working capital to meet its immediate needs. However, the board has formed a reasonable expectation of being able to count on the support of its stakeholders and the investment community should any further financing be required to complete the process of commercialising PSD502™.

**GEARING RATIO**

As at 30 September 2015, the Plethora Group's gearing ratio, which equals total debt divided by total equity, was not applicable as the Plethora Group was in shareholders' deficit.

**MANAGEMENT OF RISK****Liquidity risk**

The Plethora Group seeks to manage financial risk by ensuring it has adequate liquid resource to meet its obligations as they fall due. The Plethora Group uses share issues and loans to raise finance for the Plethora Group's activities. The directors of Plethora prepare detailed cash flow forecasts which are monitored frequently to ensure that all obligations can be settled as they fall due.

**Interest rate risk**

All interest rates on the Plethora Group's borrowings are fixed. A sensitivity analysis of interest has not been performed as all rates are fixed, therefore there is no interest rate sensitivity.

**Exchange rate risk**

The Plethora 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 Plethora Group has no material financial liabilities denominated in foreign currencies other than GBP.

**CHARGE ON ASSETS**

The Plethora Group has no charge on assets as at 30 September 2014 and 2015.

**FINANCIAL INSTRUMENTS**

The Plethora Group uses financial instruments comprising cash and short-term deposits, related party loans and convertible debt instruments. It has issued warrant instruments in relation to loan and convertible debt arrangements. It does not enter into derivative transactions such as interest rate swaps, forward rate agreements or forward currency contracts. The Plethora Group has items such as trade payables that arise directly from its operations.

**MATERIAL ACQUISITION AND DISPOSAL**

The Plethora Group had no material acquisition and disposal for the nine months ended 30 September 2014 and 2015.

**CONTINGENT LIABILITIES**

The Plethora Group had no material contingent liabilities as at 30 September 2014 and 2015.

**EMPLOYEE AND REMUNERATION POLICIES**

The Plethora Group, including subsidiaries but excluding associates, employed approximately 5 employees at 30 September 2014 and 2015. The remuneration policy is to reward key employees by a combination of salaries, pensions, profit related discretionary bonuses and share options and share awards, where appropriate.

**INTERIM DIVIDEND**

The directors of Plethora have resolved not to declare an interim dividend in respect of the nine months ended 30 September 2014 and 2015.



**BACKGROUND****1 Valuation of Plethora by Grant Sherman Appraisal Limited**

As disclosed in the Letter from the Board in the circular, the Transaction constitutes a “very substantial acquisition” and a “connected transaction” for the Company for the purposes of the Exchange Rules and is therefore conditional upon the approval of the Independent Shareholders.

In accordance with the requirements of the Exchange, the Company circular includes a letter of advice to the Independent Board Committee and the Independent Shareholders from Altus Capital Limited, the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders, in respect of the Transaction (the “**IFA Opinion**”).

In support of the IFA Opinion, the Company circular, by way of this appendix, also includes a valuation report prepared by Grant Sherman Appraisal Limited (the “**Valuer**”), an independent valuer. The valuation report sets out the Valuer’s valuation as at 30 September 2015 of the fair market value of a 100% equity interest in Plethora (the “**Valuation Report**”) and is expressly referred to in the IFA Opinion.

A summary of the Valuation Report is set out below, before the inclusion of the full Valuation Report.

**SUMMARY**

<b>Report Date</b>	4 February 2016
<b>Valuation Date</b>	30 September 2015
<b>Addressee</b>	Regent
<b>Valuer</b>	Grant Sherman Appraisal Limited
<b>Capacity of Valuer</b>	Independent
<b>Instruction</b>	To value on the basis of Fair Market Value (as defined in the Valuation Report) a 100% equity interest in the business enterprise of Plethora in connection with the Transaction.
<b>Purpose of Valuation</b>	To provide valuation support for the IFA Opinion and related disclosures in the Company circular required under the Exchange Rules.
<b>Assumptions</b>	<ul style="list-style-type: none"><li>• There will be no major changes in the existing political, legal, fiscal and economic conditions in the countries in which Plethora carries on its business</li></ul>

- There will be no major changes in the current taxation law in the countries in which Plethora carries on its business, that the rates of tax payable will remain unchanged and that all applicable laws and regulations will be complied with
- Exchange rates, inflation rates and interest rates will not differ materially from those presently prevailing
- The availability of finance will not be a constraint on the forecast growth of Plethora's operations and the repayment of its debts when they fall due
- Plethora will successfully maintain its competitiveness and market shares through optimizing the utilization of its distribution network and licensing partners
- Plethora can keep abreast of the latest development of the industry such that its competitiveness and profitability can be sustained
- Plethora will retain and have competent management, key personnel, and technical staff to support its ongoing operations
- Any management changes or changes in ownership of Plethora in the future will not have adverse effects on the long term profitability of its operations
- Industry trends and market conditions for related industries will not deviate materially from economic forecasts
- The labour market conditions will not differ materially from those presently prevailing
- All convertible instruments of Plethora that are "in-the-money" are regarded on an as-if converted/exercised basis whereas those not converted/exercised are considered to have lapsed
- Plethora will successfully develop and manufacture the new 6 dose version of PSD502™ with its manufacturing partner, Pharmaserve (North West) Limited
- Residual value arising from PSD502™ after its market exclusivity, if any, is considered highly uncertain and remote and hence is not included in this appraisal

- The terms of existing licensing agreement of PSD502™ are deemed arm's length and appropriate to be referred to by other potential markets, the licensing agreements for which will be duly executed in due course
- The Projections (as defined in the Valuation Report) have been prepared on a reasonable basis, reflecting estimates which have been arrived at after due and careful consideration by the Management.

**Qualifications to Valuation**                      None.

#### VALUER CONSENT AND CONFIRMATION

**To the directors of Regent Pacific Group Limited (the "Company"),**

We hereby consent to our valuation report dated 4 February 2016 with respect to a valuation of the fair market value of a 100% equity interest in the business enterprise of Plethora Solutions Holdings plc (the "**Offeree**") for a potential acquisition of the entire issued and to be issued share capital by the Company as at 30 September 2015 and dated 4 February 2016 (the "**Valuation Report**") to be contained in the Company's circular to be dated on 4 February 2016.

We hereby confirm that if we were to perform the valuation analysis on the Offeree again at today's date, our valuation would not be materially different from the valuation in the Valuation Report.

Yours faithfully,

Grant Sherman Appraisal Limited

4 February 2016

*The following is the text of a valuation report, prepared for the purpose of incorporation in this circular, received from Grant Sherman Appraisal Limited, an independent valuer, in connection with its valuation as at 30 September 2015 of the fair market value of a 100% equity interest in the Target Company.*



Unit 1005, 10/F., AXA Centre,  
151 Gloucester Road,  
Wanchai,  
Hong Kong

4 February 2016

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

Dear Sirs or Madams,

In accordance with your instructions, we have made an appraisal of the fair market value of a 100% equity interest in the business enterprise of Plethora Solutions Holdings Plc (“**Plethora**”) for a potential acquisition of 89.46% equity interest by Regent Pacific Group Limited (the “**Company**”). Plethora is a speciality pharmaceutical company dedicated to the development and marketing of products for the treatment and management of urological disorders.

This letter identifies the business appraised, describes the basis of valuation and assumptions, explains the valuation methodology utilized, and presents our conclusion of value.

*Fair market value* is defined as the estimated amount at which the business enterprise might be expected to exchange between a willing buyer and a willing seller, neither being under compulsion, each having reasonable knowledge of all relevant facts, and with the buyer and seller contemplating retention of the business at its present location for continuation of current operations unless the break-up of the business or the sale of its assets would yield greater investment returns.

*Business enterprise value* is defined for this appraisal as the total invested capital, excluding debts but including shareholders' loans, and is equivalent to shareholders' equity plus shareholders' loans.

The purpose of this appraisal is to express an independent opinion of the fair market value of the business enterprise of Plethora as at 30 September 2015 (the “**Appraisal Date**”). It is our understanding that this appraisal will be used for transaction purposes and our report might be used in connection with a public document.

## **INTRODUCTION**

### **THE COMPANY**

The Company was incorporated in the Cayman Islands with limited liability whose shares are listed on the Main Board of the Hong Kong Stock Exchange (ticker symbol: 575) and are also traded on the OTC market (Freiverkehr) of the Frankfurt Stock Exchange (ticker symbol: RPGLF). It is an investment company focused on investments in biopharma.

### **PLETHORA**

Plethora is a company incorporated and domiciled in the United Kingdom, whose shares are listed on AIM Board of London Stock Exchange (ticker symbol: PLE). Plethora is a speciality pharmaceutical company dedicated to the development and marketing of products for the treatment and management of urological disorders through commercialization of its central product, PSD502™, Plethora’s proprietary product for the treatment of premature ejaculation (“**PE**”).

PSD502™ is an easy-to-use metered-dose (one dose = three sprays) aerosol formulation of lidocaine and prilocaine. It is applied topically to the glans penis (head of the penis) and left for five minutes to be absorbed into the skin. Application of PSD502™ allows couples to benefit from the treatment without it interfering with the spontaneity of the moment. Once administered, PSD502™ is effective for up to one hour and restores ejaculatory reflex from 32-34 seconds pre-treatment to 3-4 minutes (normal) almost immediately and effects are maintained on long term treatment.

### **INDUSTRY OVERVIEW**

The three major forms of male sexual dysfunction are ejaculatory dysfunction, erectile dysfunction and decreased libido. Premature ejaculation (“**PE**”) is one of the most common male sexual conditions that probably affects most men at some point in their life. Data from the National Health and Social Life Survey have revealed a prevalence of 31% in men in the United States, which is fairly steady through all adult age groups, while a British survey estimated it at 14% to 31%. According to the Global Study of Sexual Attitudes and Behaviors survey which was conducted in 29 countries in men aged 40 to 80 years in 2005, the estimated worldwide prevalence was about 30%.

International Society for Sexual Medicine has defined PE as “a male sexual dysfunction” characterized by: ejaculation that always or nearly always occurs prior to or within about one minute of vaginal penetration; the inability to delay ejaculation on all or nearly all vaginal penetrations; and negative personal consequences such as distress, bother, frustration and/or the avoidance of sexual intimacy.”

## CAUSES OF PE

There is no general consensus on the causes of PE. Psychological/behavioristic and biogenic etiologies have been proposed. Psychological factors such as anxiety, guilt, or depression may be some of the causes. In some cases, it may be related to medical causes such as hormonal disorders, injuries, or a side effect of certain medicines.

## PHARMACOLOGICAL THERAPY OF PE

The treatment of PE has encompassed psychological, behavioral, and pharmacologic interventions. Pharmacological therapy includes the application of topical preparations and oral therapy.

Topical anaesthetic applied to the glans is the oldest form of therapy for PE. Lidocaine and prilocaine, in the form of cream or spray, can be used up to 20-30 minutes before intercourse. The intravaginal ejaculatory latency time (“**IELT**”) improves from 1.4 minutes to 8.45 minutes when compared with placebo according to various studies. However, some of the side effects include glans hypoanaesthesia, vaginal numbness, possible transvaginal absorption and female anorgasmia unless a condom is used. Example of topical anaesthetic medication is Promescent, which is an over the counter topical medication. So far, the US Food & Drug Administration has not approve a prescription spray for PE.

Applying selective serotonin re-uptake inhibitors (“**SSRI**”) to treat PE has been evaluated. Fluoxetine, paroxetine and sertraline taken daily significantly delay ejaculation relative to placebo. A systemic meta-analysis has shown SSRIs were expected to raise mean IELT 2.6-fold to 13.2-fold. Fatigue, nausea, diarrhoea and vomiting are the common side effects to people taking those SSRIs.

## BASIS OF VALUATION AND ASSUMPTIONS

We have appraised the business enterprise of Plethora on the basis of fair market value and in conformity with the Uniform Standards of Professional Appraisal Practice. *Fair market value* is defined as the estimated amount at which the business enterprise might be expected to exchange between a willing buyer and a willing seller, neither being under compulsion, each having reasonable knowledge of all relevant facts, and with the buyer and seller contemplating retention of the business at its present location for continuation of current operations unless the break-up of the business or the sale of its assets would yield greater investment returns. *Business enterprise value* is defined for this appraisal as shareholders’ equity plus shareholders’ loans.

Our investigation included discussions with the management of Plethora and the Company (the “**Management**”) in relation to the history and nature of the business, operations and prospects of Plethora, a review of its statutory documents, historical financial information and the financial projections (the “**Projections**”), their underlying assumptions (the “**Projection Assumptions**”) as well as other relevant documents. We have assumed that the data, information, opinions and representation

provided to us by the Management in the course of the valuation are true and accurate. In addition, a study of market conditions and an analysis of published information concerning the industry are used to evaluate Plethora's past performance and to assess its ability and capacity to generate future investment returns.

Before arriving at our opinion of value, we have considered some principal factors that include, but are not limited to, the following:

- Nature of the business of Plethora from its inception;
- Economic outlook in general and the condition and outlook of the specific industry in particular;
- Past operating results of Plethora;
- Business and financial risks of Plethora;
- Extent, condition, utility and capacity of the facilities and equipment utilized by the business;
- Potential of the markets served;
- The attitude of the investment market toward securities with similar characteristics, as measured by market performance, and alternative investment opportunities available to an investor;
- Third parties reports like pricing analysis report conducted by Medical Marketing Economics and valuation model review by PricewaterhouseCoopers; and
- The market authorization of PSD502™ granted by European Medicines Agency in November 2013, which applied to the European Union region, until 19 November 2023.

Due to the changing environment in which Plethora is operating, a number of assumptions have to be established in order to sufficiently support our concluded value of the business enterprise. The major assumptions adopted in this appraisal are:

- There will be no major changes in the existing political, legal, fiscal and economic conditions in the countries in which Plethora carries on its business;
- There will be no major changes in the current taxation law in the countries in which Plethora carries on its business, that the rates of tax payable will remain unchanged and that all applicable laws and regulations will be complied with;
- Exchange rates, inflation rates and interest rates will not differ materially from those presently prevailing;

- The availability of finance will not be a constraint on the forecast growth of Plethora’s operations and the repayment of its debts when they fall due;
- Plethora will successfully maintain its competitiveness and market shares through optimizing the utilization of its distribution networks and licensing partners;
- Plethora can keep abreast of the latest development of the industry such that its competitiveness and profitability can be sustained;
- Plethora will retain and have competent management, key personnel, and technical staff to support its ongoing operations;
- Any management changes or changes in ownership of Plethora in the future will not have adverse effects on the long term profitability of its operations;
- Industry trends and market conditions for related industries will not deviate materially from economic forecasts;
- The labor market conditions will not differ materially from those presently prevailing;
- All convertible instruments of Plethora that are “in-the-money” are regarded on an as-if converted/exercised basis whereas those not converted/exercised are considered to have lapsed;
- Plethora will successfully develop and manufacture the new 6 dose version of PSD502™ with its manufacturing partner, Pharmaserve (North West) Limited;
- Residual value arising from PSD502™ after its market exclusivity, if any, is considered highly uncertain and remote and hence is not included in this appraisal;
- The terms of existing licensing agreement of PSD502™ are deemed arm’s length and appropriate to be referred to by other potential markets, the licensing agreements for which will be duly executed in due course; and
- The Projections have been prepared on a reasonable basis, reflecting estimates which have been arrived at after due and careful consideration by the Management.

### Management’s Projection Basis

The Projection was prepared by the Management in conjunction with input from certain third party consultants. The projected revenue is generated from the receipt of royalty income from commercial partners, which in turn was based on the (i) overall net sales of PSD502™ (ii) first commercial launch payments, and (iii) receipt of commercial milestone payments that are generated from the commercial partners achieving certain sales targets from the sales of PSD502™ in the five major regions, being 1. The European Union, 2. the United States, 3. South America, 4. Middle East and North Africa (“MENA”), and 5. Canada, Australia and New Zealand (“Five Major Regions”).



Management forecasted the net sales of PSD502™ in the Five Major Regions based on the expected number of users and their annual usage that makes reference to the clinical report<sup>77</sup> regarding the average number of sexual encounters in a year. Management forecasted the expected number of users by first adopting the prevalence of PE among the male population that is based on estimates generated by the World Bank in 2015 for males aged between 20 to 69 years old where it is estimated that 1:4 men suffer from PE. Management has then assumed that 9% of the male population base has PE and will seek treatment in the first year of the launch of PSD502™ and thereafter it is expected to grow by 10% per annum as people become more aware that a safe and approved prescription remedy is available in the market. Management expects PSD502™ to achieve 9% market share among the treatment seekers in the first year of commercial launch and gradually reach 17% by 2023. The expected trend of market share makes reference to the trend of market share of other male sexual dysfunction drugs like Viagra, Cialis and Levitra.

Management has set the pricing of PSD502™ in the different regions with reference to the pricing analysis report conducted by Medical Marketing Economics and discussions with a commercial partner and potential commercial partners.

The valuation period is until 19 November 2023, which in turn is based on the market authorization of PSD502™ that was granted by European Medicines Agency in November 2023 and applied to the Five Major Regions as the approvals from regulatory authorities have not yet been obtained in the targeted territories except the European Union. Management has estimated that there would be 15% risk of not obtaining the marketing authorization approval from US Food and Drug Administration based upon the advice received from its US regulatory consultant and in light of the success of obtaining its market authorization from the European Medicines Agency in November 2013. Management has also applied this 15% risk for obtaining marketing authorisations for the other three major regions (other than Europe) based on discussions with its regulatory consultant and in light of the success of obtaining its market authorisation from the European Medicines Agency in November 2013.

For the purpose of this valuation, we were furnished with projected financial information, and records and documents by the Management. We have reviewed and examined the said information and have no reason to doubt the authenticity and accuracy of the information contained therein. We have also consulted sources of financial and business information to supplement the information provided by the Management. In arriving at our opinion of value, we have relied to a very considerable extent upon such data, records, documents, financial and business information from other sources, as well as a number of assumptions that are subjective and uncertain in nature. Any variation to these assumptions could seriously affect the fair market value of the appraised business enterprise.

<sup>77</sup> The Kinsey Institute. Data from Alfred Kinsey's Studies: Coitus.; Available from: <http://www.iu.edu/~kinsey/resources/ak-data.html#Scope>.

**VALUATION METHODOLOGY**

In our appraisal of Plethora, we were furnished by the Management for the purpose of this appraisal, financial projections as well as other relevant records and documents. In arriving at our opinion of value, we have relied upon the Projection, records and documents, as well as financial and business information from other sources.

To develop our opinion of value for Plethora, we considered the three generally accepted approaches to value: the Cost Approach, the Market Approach and the Income Approach.

**Income Approach**

In the income approach, the discounted cash flow method will be used. In this method, the value depends on the present worth of future economic benefits to be derived from ownership of equity and shareholders' loans. Thus, an indication of value was developed by discounting future free cash flow available for distribution to shareholders and for servicing shareholders' loans to their present worth at market-derived rates of return appropriate for the risks and hazards (discount rate) associated with the comparable business.

**Market Approach**

In the market approach, the guideline publicly traded company method and the guideline merged and acquired company method will be applied to estimate the value of Plethora. These two methods consider prices recently paid for similar assets, with adjustments made to the indicated market prices to reflect condition and utility of the appraised assets relative to the market comparable. Assets for which there is an established used market may be appraised by this approach.

**Cost Approach**

This approach seeks to measure the future benefits of ownership by quantifying the amount of money that would be required to replace or reproduce the future service capability of the subject asset, less depreciation from physical deterioration, functional and economic/external obsolescence, if present and measurable. The assumption underlying this approach is that the cost to purchase or develop new asset is commensurate with the economic value of the service that the asset can provide during its lives. The cost approach does not directly consider the amount of economic benefits that can be achieved or the time period over which they might continue. It is an inherent assumption with this approach that economic benefits indeed exist and are of sufficient amount and duration to justify the development expenditures.

Plethora's business is the development and out-licensing of its central product being PSD502™ for the treatment and management of premature ejaculation through commercialization of this proprietary product.

No sustainable income has been generated from PSD502™ as it has not been commercially launched to the market yet. Thus, there is no positive profit related valuation parameters such as revenue, EBIT, net income and etc. recorded. According to our research, given the uniqueness of the product, there is also no publicly announced transaction related to companies specializing in such drugs worldwide. As such, we do not have sufficient information to perform an appraisal using the market approach.

The cost approach often serves as a valuation floor to value a liquidated business but it is not the case for Plethora. As the Plethora product is not yet marketed by its licensing partner, its enterprise value is principally attributable to its future economic benefits to be brought rather than the cost to reproduce or replace the existing assets.

On the other hand, in the application of income approach, the Management has to prepare projected cash flows. These cash flows can capture the future economic benefit brought by the operation of Plethora that derive the enterprise value. Consequently, we considered it appropriate, for this appraisal, to adopt the income approach, as it takes into account the expected rocket growth rate of Plethora in upcoming years.

The fair market value of Plethora is developed through the application of the income approach technique known as the discounted cash flow method. In this method, value depends on the present worth of future economic benefits to be derived from ownership of the invested capital of the business. Thus, indication of value is developed by discounting future free cash flows available for distribution to shareholders and for servicing shareholders' loans and long-term debt to their present worth at market-derived rates of return appropriate for the risks and hazards of the subject business.

The income approach explicitly recognizes that the current value of an investment is premised upon the expected receipt of future economic benefits such as cost savings, periodic income, or sale proceeds. We have applied the discounted cash flow method in appraising the economic benefits to be attributable to Plethora. In practice, the discounted cash flow approach consists of estimating future annual cash flows and individually discounting them to present value.

#### **DISCOUNT RATE DEVELOPMENT**

A discount rate represents the total expected rate of return that an investor would demand on the purchase price of an ownership interest in an asset given the level of risk inherent in that ownership interest. In this valuation, the discount rate applied to the cash flow streams attributable to the shareholders of Plethora is the cost of equity. The cost of equity is developed through the application of the Capital Asset Pricing Model ("CAPM") with reference to the required rates of return demanded by investors for similar projects. A major requirement in generating the cost of equity is to identify companies that are comparable to Plethora in terms of business nature and associated risks.

CAPM states that an investor requires excess returns to compensate for any risk that is correlated to the risk in the return from the stock market as a whole but requires no excess return for other risks. Risks that are correlated to the risk in the return from the stock market as a whole are referred to as systematic and measured by a parameter called beta, whereas other risks are referred to as nonsystematic. The cost of equity for Plethora is the sum of the risk-free rate return, the equity risk

premium required by investors to compensate for the systematic risk assumed with adjustments for increment for risk differentials of Plethora versus those of the comparable companies, which include risk adjustments for size (the “**Small Capitalization Risk Premium**”) and other risk factors in relation to the comparable companies (the “**Company Specific Risk Premium**”).

The WACC was computed using the following formula:

$$\text{WACC} = (1-D) (R_f + R + E_{\text{size}} + E_{\text{company}}) + D (R_d) (1-T)$$

Where:

$R_f$  = *risk free return*

$R$  = *risk premium*

$E_{\text{size}}$  = *Small Capitalization Risk Premium*

$E_{\text{company}}$  = *Company Specific Risk Premium*

$D$  = *debt to invested capital ratio*

$R_d$  = *cost of debt*

$T$  = *corporate tax rate*

In developing the discount rate for this valuation, we have adopted the 10-year long-term government bond rate in the United Kingdom as at the Appraisal Date (i.e. 1.76%) as the risk-free return as that of Plethora, then added on the Small Capitalization Risk Premium (i.e. 3.74%) and the Company Specific Risk Premium (i.e. 8.00%) , in relation to the size and other risk factor differentials of Plethora as compared with the comparable companies, and the debt to market value of invested capital ratio of Plethora (i.e. 9.43%).

The average equity risk premium of the comparable companies is the average equity risk premium of each comparable company, which in turn is a product of market risk premium and the beta coefficient. The market risk premium in different regions are derived from adjusting the market risk premium in the U.S. market set forth in the 2015 Valuation Handbook - Guide to Cost of Capital by Duff&Phelps, LLC.,(i.e. 7.00%) by the proportion of the major indexes volatilities in the different regions in the past 10 years prior to the Appraisal Date.

Our analysis suggested that appropriate discount rates for valuing Plethora in different markets as at the Appraisal Date are as follows:

<b>Market</b>	<b>Discount Rate</b>
The United States	19.36%
Europe	18.81%
South America	20.86%
Middle East and North Africa (“ <b>MENA</b> ”)	21.27%
Canada, Australia and New Zealand	18.50%

Small Capitalization Risk Premium

Small Capitalization Risk Premium is the excess return that an investor would demand in order to compensate for the additional risk over that of the entire stock market when investing in a small capitalization company. This premium reflects the fact that cost of capital increases with decreasing size of a company.

A number of studies were conducted in the U.S. which concludes that the risk premium associated with a small company is over and above the amount that would be warranted just as a result of the company's systematic risk derived from CAPM. We concluded that a small capitalization risk premium of 3.74%, with reference to the 2015 Valuation Handbook - Guide to Cost of Capital by Duff&Phelps, LLC., is appropriate for Plethora.

Company Specific Risk Premium

The specific risks associated with Plethora are their start-up risks related to the uncertainty of the manufacturing and regulatory approval of PSD502™. Also, the timing of receipts of upfront, milestone and royalty income from marketing partners, which in themselves are dependent on successful partnering and commercial launch of PSD502™, is uncertain. Furthermore, the principal asset of Plethora is its patent of PSD502™, which is an intangible asset, and is generally viewed as riskier than the business enterprise itself. To reflect these risks, we, based on our professional judgement and experience, consider an additional risk premium of 8.00% is appropriate in developing the cost of equity of Plethora as at the Appraisal Date.

**SELECTION OF COMPARABLE COMPANIES**

In our valuation model, we have based on the following criteria: (1) within the field of pharmaceutical, (2) with products for sexual health in its product portfolio, and (3) with similar level of competition in the identification of comparable companies for Plethora.

Based on the above criteria, we have selected 6 comparable companies which are closely comparative to Plethora. The business descriptions of the comparable companies are summarized below:

1. Pfizer Inc (Listed in the United States, ticker symbol: PFE)

Pfizer Inc. is a research-based, global pharmaceutical company that discovers, develops, manufactures, and markets medicines for humans and animals. Pfizer Inc.'s products include prescription pharmaceuticals, non-prescription self-medications, and animal health products such as anti-infective medicines and vaccines. Viagra which treats erectile dysfunction is owned by Pfizer Inc.

2. Eli Lilly & Co (Listed in the United States, ticker symbol: LLY)

Eli Lilly and Company discovers, develops, manufactures, and sells pharmaceutical products for humans and animals. Its products are sold in countries around the world. Eli Lilly's products include neuroscience products, endocrine products, anti-infectives, cardiovascular agents, oncology products, and animal health products. It has a drug called Cialis that treated erectile dysfunction.

3. Vivus Inc (Listed in the United States, ticker symbol: VVUS)

VIVUS, Inc. is a biopharmaceutical company developing therapies for obesity, sleep apnea, diabetes and sexual health. It markets a treatment for erectile dysfunction, and has drugs for obesity and erectile dysfunction in late-stage clinical trials.

4. Palatin Technologies, Inc. (Listed in the United States, ticker symbol: PTN)

Palatin Technologies, Inc. is a biopharmaceutical company. It researches products for the treatment of male and female sexual dysfunction, congestive heart failure, obesity, and cachexia.

5. Mezzion Pharma Co Ltd (Listed in South Korea, ticker symbol: 140410)

Mezzion Pharma Co Ltd develops pharmaceutical products and out-licenses them to foreign countries including Canada, Mexico, Russia, and the United States. Its main products are for benign prostatic hyperplasia and erectile dysfunction.

6. Futura Medical Plc (Listed in London, ticker symbol: FUM)

Futura Medical plc develops pharmaceutical and medical devices for sexual health. It is developing products to help men maintain erections and women to maintain lubrication during intercourse.

## CONCLUSION OF VALUE

Based upon the investigation and analysis outlined above and on the appraisal method employed, it is our opinion that as at **30 September 2015**, the fair market value of 100% equity interest in the business enterprise of Plethora is reasonably stated by the amount of **US DOLLARS ONE HUNDRED NINETY FOUR MILLION EIGHT HUNDRED AND NINETY ONE THOUSAND (US\$194,891,000)** only.

This conclusion of value was based on generally accepted valuation procedures and practices that rely extensively on the use of numerous assumptions and the consideration of many uncertainties, not all of which can be easily quantified or ascertained.

We hereby certify that we have neither present nor prospective interest in the Company, Plethora, their subsidiaries or the value reported.

Respectfully submitted,  
For and on behalf of  
**GRANT SHERMAN APPRAISAL LIMITED**

Keith C.C. Yan, ASA  
*Managing Director*

Kelvin C.H. Chan, FCCA, CFA  
*Executive Director*

*Note: Mr. Keith C.C. Yan is an Accredited Senior Appraiser (Business Valuation/ Intangible Assets) of the American Society of Appraisers and he has been conducting business valuation of various industries and intangible assets valuation in Hong Kong, the PRC and the Asian region for various purposes since 1988. Mr. Kelvin C.H. Chan is a CFA Charterholder and a fellow member of the Association of Chartered Certified Accountants. He has been working in the financial industry since 1996, with experiences covering the area of corporate banking, equity analysis and business valuation.*

## 1 RESPONSIBILITY STATEMENT

This circular, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the Exchange Rules for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief, the information contained in this circular is accurate and complete in all material aspects and not misleading or deceptive, and there are no other matters, the omission of which would make any statement herein or this circular misleading.

## 2 DIRECTORS' INTERESTS IN SECURITIES AND OPTIONS

As at the Latest Practicable Date, the Directors had the following beneficial interests in the shares and underlying shares (in respect of positions held pursuant to equity derivatives) of the Company or of its associated corporations (within the meaning of Part XV of the SFO), which were recorded in the Register of Directors' and Chief Executive's Interests and Short Positions required to be kept by the Company under Section 352 of the SFO or which were otherwise notified to the Company and the Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including those interests which the Directors were deemed or taken to have under such provisions of the SFO) or pursuant to the Model Code.

### 1. Securities of the Company

#### a. the Shares

Name of Director	Note	Capacity in which the Shares are held	Long/Short position	Number of Shares*	Approximate % holding**
James Mellon		Beneficial owner	Long position	154,986,181	4.45%
	A	Beneficiary of a trust	Long position	375,821,134	10.78%
Stephen Dattels	B	Beneficiary of a trust	Long position	284,266,097	8.16%
Jamie Gibson		Beneficial owner	Long position	142,319,138	4.08%
David Comba		—	—	—	—
Julie Oates	C	Interests held jointly with another person	Long position	2,500,000	0.07%
Mark Searle		Beneficial owner	Long position	4,000,000	0.12%
	D	Beneficiary of a trust	Long position	1,000,000	0.03%
Jayne Sutcliffe		Beneficial owner	Long position	17,160,465	0.49%
	E	Beneficiary of a trust	Long position	27,965,226	0.80%

\* These numbers do not include the number of the Shares to be issued upon exercise of the outstanding options held by the Directors under the Share Option Scheme (2002), which are disclosed in sub-paragraph (b) below.

\*\* The total issued ordinary share capital of the Company as at the Latest Practicable Date consisted of 3,485,730,523 Shares.



## b. Options under Share Option Scheme (2002)

As at the Latest Practicable Date, the following Directors of the Company had personal interests in options granted under the Share Option Scheme (2002), entitling them to subscribe for the Shares in accordance with, and subject to, the terms of the scheme:

Name of Director	Date of grant	Total number of shares subject to the option <sup>#</sup>	Subscription price per share (HK\$)	Exercise period <sup>#</sup>	Number of shares subject to vested options <sup>#</sup>	Consideration for grant of option (HK\$)
James Mellon	2 October 2007	13,000,000	1.152	2 October 2008 — 1 October 2017	13,000,000	10.00
Jamie Gibson	4 April 2006	45,600,000	0.300	4 April 2007 — 3 April 2016	45,600,000	10.00
	2 October 2007	13,000,000	1.152	2 October 2008 — 1 October 2017	13,000,000	10.00
David Comba	2 October 2007	5,000,000	1.152	2 October 2008 — 1 October 2017	5,000,000	10.00

<sup>#</sup> The options entitle the holders to exercise one-third of the option at each of the first, second and third anniversary dates after the date of grant. Any entitlements unexercised in any prior period may be carried forward to the following periods but, in any event, must be exercised within 10 years from the date of grant. All entitlements then remain unexercised will lapse.

## 2. Securities of associated corporations — Ordinary shares of US\$0.01 of AstroEast.com Limited (note F)

Name of Director	Note	Capacity in which the shares are held	Long/Short position	Number of shares	Approximate % holding
James Mellon		—	—	—	—
Stephen Dattels	B	Beneficiary of a trust	Long position	5,250,000	18.74%
Jamie Gibson		Beneficial owner	Long position	225,000	0.80%
David Comba		—	—	—	—
Julie Oates		—	—	—	—
Mark Searle		—	—	—	—
Jayne Sutcliffe		Beneficial owner	Long position	150,000	0.54%

Notes:

- A. The 375,821,134 Shares are held by companies wholly owned by the trustee of a settlement, of which James Mellon is a beneficiary.
- B. The 284,266,097 Shares and 5,250,000 ordinary shares in AstroEast.com Limited are held by an investment company wholly owned by the trustee of a trust, under which Stephen Dattels is a discretionary beneficiary.

- C. The 2,500,000 Shares are held by Julie Oates for the beneficial interests jointly with her spouse.
- D. The 1,000,000 Shares are held to the order of a pension fund, of which Mark Searle is the sole beneficiary.
- E. The 27,965,226 Shares are held by the trustee of a discretionary trust, under which Jayne Sutcliffe and members of her family may become beneficiaries.
- F. AstroEast.com Limited is an indirect 50.99% owned subsidiary of the Company.

Save as disclosed herein, as at the Latest Practicable Date, none of the Directors had any beneficial interests or short positions in the shares, underlying shares (in respect of positions held pursuant to equity derivatives) or debentures of the Company or of any of its associated corporations (within the meaning of Part XV of the SFO), which would have to be recorded in the Register of Directors' and Chief Executive's Interests and Short Positions required to be kept by the Company under Section 352 of the SFO or which would have to be otherwise notified to the Company and the Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including those interests and short positions which the Directors were deemed or taken to have under such provisions of the SFO) or pursuant to the Model Code.

### **3 DIRECTORS' SERVICE CONTRACTS**

As at the Latest Practicable Date, none of the existing Directors had any existing or proposed service contracts with any member of the Group, which did not expire or was not determinable by the Group within one year without payment of compensation (other than statutory compensation).

### **4 DIRECTORS' INTERESTS IN CONTRACTS**

As far as the Directors are aware and save for the interests held by: (i) James Mellon (Non-Executive Co-Chairman of the Company currently holding, by himself and his associates, 15.35 per cent of the total issued share capital of the Company); (ii) Jamie Gibson (Executive Director and Chief Executive Officer of the Company currently holding, by himself, 4.08 per cent of the total issued share capital of the Company); and (iii) Mark Searle (Independent Non-Executive Director of the Company currently holding, by himself and his associate, 0.14 per cent of the total issued share capital of the Company), being the shareholders and/or holders of the Plethora Convertible Instruments and/or awards under the Plethora LTIP and, in the case of James Mellon and Jamie Gibson, directors of Plethora, there were no contacts or arrangements subsisted as at the Latest Practicable Date, in which any one of them was materially interested and which were significant in relation to the business of the Group.

## 5 DIRECTORS' INTERESTS IN COMPETING BUSINESSES

The Directors, except for the Independent Non-Executive Directors who are not subject to the disclosure requirement under Rule 8.10 of the Exchange Rules, have declared that they (or their respective associates) are not interested in any business apart from the Company's business, which competes or is likely to compete, either directly or indirectly, with the Company's business save that the following companies may pursue investment opportunities that may compete against the Company:

### (1) **3Legs Resources plc**

3Legs Resources plc ("**3Legs Resources**", AIM: 3LEG) is an AIM-listed company, which seeks to invest in and/or acquire companies within life sciences and related technologies, with initial geographical focus in North America, Asia and Europe but investments may also be considered in other regions to the extent that its board of directors considers that valuable opportunities exist and positive returns can be achieved.

James Mellon is a non-executive director of 3Legs Resources, and as at the Latest Practicable Date:

- The Company did not hold any interests in its total issued share capital; and
- James Mellon (himself and through his associates) held approximately 14.97 per cent of its total issued share capital.

### (2) **Circum Minerals Limited**

Circum Minerals Limited ("**Circum Minerals**") is an unlisted natural resources company and an emerging Potash producer.

Stephen Dattels is the chairman of the board of Circum Minerals, and as at the Latest Practicable Date:

- The Company did not hold any interests in its total issued share capital; and
- Investment companies wholly owned by the trustee of a trust, under which Stephen Dattels is a discretionary beneficiary, held approximately 15.70 per cent of its total issued share capital.

**(3) Condor Gold plc**

Condor Gold plc (“**Condor**”, AIM: CNR and FSX: W5X) is a UK based gold exploration company dually listed on AIM and the Frankfurt Stock Exchange, focused on proving a large commercial reserve on its 100 per cent owned La India Project in Nicaragua.

James Mellon is a non-executive director of Condor, and as at the Latest Practicable Date:

- The Company held approximately 8.68 per cent of its total issued share capital; and
- James Mellon (himself and through his associate) held less than 3 per cent of its total issued share capital, which was not discloseable under the rules of the relevant regulator(s).

**(4) The Diabetic Boot Company Limited**

The Diabetic Boot Company Limited (“**Diabetic Boot**”) is a private single product medical device company based near Oxford, in the United Kingdom, focusing on the treatment of diabetic foot ulcers, which are a comorbidity of diabetic mellitus.

As at the Latest Practicable Date:

- The Company held approximately 16.79 per cent of its total issued share capital; and
- James Mellon (himself and through his associates) held approximately 19.11 per cent of its total issued share capital.

As at the Latest Practicable Date, Port Erin Biopharma Investments Limited (as referred to below) held approximately 1.33 per cent of the total issued share capital of Diabetic Boot, which is inclusive in the interests held by James Mellon referred to above.

As at the Latest Practicable Date, Fast Forward Innovations Limited (as referred to below) held approximately 4.86 per cent of the total issued share capital of Diabetic Boot.

**(5) Fast Forward Innovations Limited (formerly known as Kuala Limited)**

Fast Forward Innovations Limited (“**Fast Forward Innovations**”, AIM: FFWD) is an AIM listed company, aiming to bring investment opportunities often reserved for the private market of venture capital firms to the public market. Fast Forward Innovations invests in visionary entrepreneurs developing innovative technologies that solve problems in their industries.

Stephen Dattels and James Mellon are the executive co-chairmen of the board of Fast Forward Innovations (James Mellon having been appointed as an executive director on 13 July 2015 and as co-chairman on 7 September 2015), and as at the Latest Practicable Date:

- The Company did not hold any interests in its total issued share capital;

- An investment company wholly owned by the trustee of a trust, under which Stephen Dattels is a discretionary beneficiary, held approximately 13.31 per cent of its total issued share capital; and
- James Mellon (through his associate) held approximately 9.57 per cent of its total issued share capital.

As at the Latest Practicable Date, Fast Forward Innovations held approximately 4.86 per cent of the total issued share capital of Diabetic Boot (as referred to above).

#### (6) **Plethora Solutions Holdings plc**

Plethora Solutions Holdings plc (“**Plethora**”, AIM: PLE) is an AIM-listed company, which is a speciality pharmaceutical company dedicated to the development and marketing of products for the treatment and management of urological disorders. Plethora’s principal product is a treatment remedy for make premature ejaculation which obtained marketing authorisation from the European Commission on 19 November 2013.

James Mellon is the non-executive chairman of the board of Plethora and Jamie Gibson is its executive director and chief executive officer, and as at the Latest Practicable Date:

- The Company held approximately 10.54 per cent of its total issued share capital and registered warrants in respect of an aggregate of 12,649,745 shares, representing, together (existing issued shares and warrants), approximately 9.19 per cent of its fully diluted share capital;
- James Mellon (himself and through his associates) held approximately 18.87 per cent of its total issued share capital; and (i) a loan stock in an amount of £340,000 which can be convertible into 17,000,000 shares; (ii) registered warrants in respect of an aggregate of 54,118,431 shares; and (iii) a share award under its Long Term Incentive Plan in respect of 1,000,000 shares, representing, together (existing issued shares and convertibles), approximately 21.02 per cent of its fully diluted share capital; and
- Jamie Gibson did not hold any interests in its total issued share capital, but held a share award under its Long Term Incentive Plan in respect of 35,000,000 shares, representing approximately 3.23 per cent of its fully diluted share capital.

As at the Latest Practicable Date, Port Erin Biopharma Investments Limited (as referred to below) held approximately 0.94 per cent of the total issued share capital of Plethora, which is inclusive in the interests held by James Mellon referred to above.

#### (7) **Port Erin Biopharma Investments Limited**

Port Erin Biopharma Investments Limited (“**Port Erin Biopharma**”, AIM: PEBI) is an AIM-listed company investing in the Biotechnology and Biopharmaceutical sector.

James Mellon is the non-executive chairman of the board of Port Erin Biopharma, and as at the Latest Practicable Date:

- The Company did not hold any interests in its total issued share capital; and
- James Mellon (himself and through his associate) held approximately 29.01 per cent of its total issued share capital.

As at the Latest Practicable Date, Port Erin Biopharma held approximately 1.33 per cent of the total issued share capital of Diabetic Boot (as referred to above).

As at the Latest Practicable Date, Port Erin Biopharma held approximately 0.94 per cent of the total issued share capital of Plethora (as referred to above).

**(8) Portage Biotech Inc**

Portage Biotech Inc (“**Portage Biotech**”, CSE: PBT.U and OTCBB: PTGEF) is dually listed on the Over the Counter Bulletin Board of NASDAQ of the United States and the Canadian Securities Exchange, focusing on discovering and developing innovative cell permeable peptide therapies and developing drug therapies.

James Mellon is a non-executive director of Portage Biotech, and as at the Latest Practicable Date:

- The Company did not hold any interests in its total issued share capital;
- James Mellon (himself and through his associate) held approximately 16.82 per cent of its total issued share capital; and
- A company owned by Mrs Jennifer Dattels, the wife of Stephen Dattels, held approximately 0.43 per cent of its total issued share capital.

**(9) West African Minerals Corporation**

West African Minerals Corporation (“**West African Minerals**”, AIM: WAFM) is an AIM listed company, focusing on investing in natural resources companies and/or physical resources assets.

James Mellon is a non-executive director of West African Minerals, and as at the Latest Practicable Date:

- The Company did not hold any interest in its total issued share capital;
- An investment company wholly owned by the trustee of a trust, under which Stephen Dattels is a discretionary beneficiary, held approximately 7.21 per cent of its total issued share capital; and

- James Mellon (himself and through his associate) held approximately 6.17 per cent of its total issued share capital.

Currently, the existing businesses of above companies do not compete against the Company's existing businesses. Should the Company and any of the above companies come into competition in the future, no Director of the Company shall vote on any board resolution of the Company approving any contract or arrangement or any other proposal in which they or any of their associates have a material interest, nor shall they be counted in the quorum present in the meeting, in each case if, and to the extent, required under Rule 13.44 of the Exchange Rules.

## 6 DIRECTORS' INTERESTS IN ASSETS

As far as the Directors are aware, as at the Latest Practicable Date, none of them had any interests, whether direct or indirect, in any assets which have been, since 31 December 2014 to which the Company's latest audited financial statements were made up, acquired or disposed of by or leased to any member of the Group, or were proposed to be acquired or disposed of by or leased to any member of the Group.

## 7 SUBSTANTIAL SHAREHOLDERS' INTERESTS

The Directors are not aware of any persons (other than James Mellon, Stephen Dattels and Jamie Gibson, whose interests are set out in detail under the section headed "Directors' Interests in Securities and Options"), who, as at the Latest Practicable Date, had beneficial interests or short positions in the shares and underlying shares (in respect of positions held pursuant to equity derivatives) of the Company, which would have to be recorded in the Register of Interests and Short Positions of Substantial Shareholders required to be kept by the Company under Section 336 of the SFO or which would have to be otherwise notified to the Company and the Exchange pursuant to Divisions 2 and 3 of Part XV of the SFO (including those interests which they were deemed or taken to have under such provisions of the SFO).

## 8 MATERIAL CONTRACTS

The following contracts (not being contracts entered into in the ordinary course of business) were entered into by the Group within two years immediately preceding the Latest Practicable Date:

[Note: In this paragraph, all amounts dominated in GBP have been translated into US\$ and HK\$ and all amounts dominated in US\$ have been translated into HK\$ using the exchange rates quoted in the respective announcements issued by the Company in relation to the contracts.]

### (1) **Plethora Solutions Holdings plc:**

- (a) A subscription agreement dated 14 October 2013 was executed by the Company with Plethora, pursuant to which the Company agreed to subscribe, at £0.09 (or approximately US\$0.144 or HK\$1.123) per share in Plethora ("**Plethora Share(s)**") in cash, for up to 20,000,000 new Plethora Shares under the placing by Plethora (as announced by Plethora on 15 October 2013), for an aggregate consideration of £1,800,000 (or approximately US\$2,878,920 or HK\$22,455,576) (as announced by the Company on 15 October 2013). The subscription was completed on 1 November 2013.

- (b) A subscription agreement dated 29 August 2014 was executed by the Company with Plethora, pursuant to which the Company conditionally agreed to subscribe for up to 25,299,490 new Plethora Shares at £0.09 (or approximately US\$0.15 or HK\$1.17) per Plethora Share in cash and 12,649,745 Fundraising Warrants (each entitling the holder to subscribe for one Plethora Share at an exercise price of £0.15 (or approximately US\$0.25 or HK\$1.95) at any time prior to the earlier of 19 September 2019 and 30 days after the date on which Plethora would give the relevant warrant holder notice of the change of control), for an aggregate consideration of £2,276,954 (or approximately US\$3,779,744 or HK\$29,482,003) (as announced by the Company on 1 September 2014). The subscription was completed on 19 September 2014.
- (c) An assignment and novation agreement dated 5 June 2015 was executed by the Company, as assignee, with Sharwood Limited (“**Sharwood**”), as assignor, to acquire from Sharwood its rights and obligations under the promissory note dated 5 June 2015 entered into between Plethora, as promisor, and Sharwood, as promisee, in respect of certain contractual and economic rights regarding services provided to Plethora in relation to the procurement of out-licencing opportunities for PSD502™, Plethora’s principal product, for a total cash consideration of £2,400,000 (or approximately US\$3,669,840 or HK\$28,624,752) (as announced by the Company on 5 June 2015).
- (d) The Cost Indemnity Agreement.
- (e) The Loan Agreement.
- (2) **Binary Holdings Ltd.:**
- (a) A sale and purchase agreement dated 16 January 2015 (the “**First Sale Agreement**”) was executed by the Company with: (i) JYS (BVI) Ltd.; (ii) Jean-Yves Sireau; (iii) Binary Holdings Ltd. (“**Binary**”); (iv) James Mellon; and (v) Capital International (Nominees) Limited (“**CINL**”, being the nominee of a pension fund, of which Anderson Whamond is the sole beneficiary) in respect of the disposal by the Company of, in aggregate, 708,584 shares in Binary (“**Binary Share(s)**”) to: (1) Jean-Yves Sireau (187,796 Binary Shares, by way of a share transfer); (ii) Binary (375,591 Binary Shares, by way of a selective share buy-back); (iii) James Mellon (125,197 Binary Shares, by way of a share transfer); and (iv) CINL (as nominee for Anderson Whamond) (20,000 Binary Shares, by way of a share transfer) for US\$15.9748152 (or approximately HK\$124.60) per Binary Share, or an aggregate consideration of US\$11,319,498.46 (or approximately HK\$88,292,087.99), in cash, before interest (as announced by the Company on 16 January 2015).
- (b) (i) The notice of consent dated 24 February 2015 was executed by the Company with all parties to the First Sale Agreement in respect of a waiver and consent of the participation by CINL (as the nominee for Anderson Whamond) in the Third Parties Sale (as defined in sub-paragraph (ii) below); and



- (ii) A sale and purchase agreement dated 4 March 2015 was executed by the Company with: (i) Euroblue Investments Limited; (ii) CINL (as the nominee for Anderson Whamond); and (iii) five independent individuals in respect of the disposal by the Company of, in aggregate, 230,394 Binary Shares, in each case by way of a share transfer, to: (1) Euroblue Investments Limited (187,796 Binary Shares); (ii) CINL (as nominee for Anderson Whamond) (20,000 Binary Shares); and (iii) five independent individuals (in aggregate, 22,598 Binary Shares) for US\$15.9748152 (or approximately HK\$124.60) per Binary Share, or an aggregate consideration of US\$3,680,501.57 (or approximately HK\$28,707,912.25), in cash, before interest (the “**Third Parties Sale**”),

(as announced by the Company on 4 March 2015).

**(3) The Diabetic Boot Company Limited:**

A subscription agreement dated 28 May 2015 was executed by the Company with: (i) Leslie Lindsay (as the founder of Diabetic Boot); and (ii) Diabetic Boot in respect of the Company, at £13.37 (or approximately US\$20.68 or HK\$161.30) per share in Diabetic Boot (“**Diabetic Boot Share(s)**”) in cash, of 89,753 new Diabetic Boot Shares, for an aggregate consideration of £1,199,997.61 (or approximately US\$1,856,156.30 or HK\$14,478,019.14) (as announced by the Company on 28 May 2015). The subscription was completed on the date of the subscription agreement.

**9 LITIGATION**

Save in respect of the ongoing dispute regarding the potential Australian tax payable from the disposal of shares in BC Iron Limited in 2013 (as further described in Paragraph 1 titled “Indebtedness of the Group” in Appendix IV (Financial information of the Group) to this circular), the Directors are not aware of any litigation or claims of material importance pending or threatened against the Company or any subsidiary of the Group as at the Latest Practicable Date.

**10 EXPERTS AND CONSENTS**

- (a) Set out below are the qualifications of the experts who have given opinion and advice, which are included in this circular:

Name	Qualification
Altus Capital Limited	a corporation licensed to carry out Type 4 (advising on securities), Type 6 (advising on corporate finance) and Type 9 (asset management) regulated activities under the SFO
BDO Limited	certified public accountants
Grant Sherman Appraisal Limited	independent professional valuer

- (b) As at the Latest Practicable Date, the experts set out above did not have any shareholding, directly or indirectly, in any member of the Group or any right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities in any member of the Group.
- (c) The experts set out above have given and have not withdrawn their written consent to the issue of this circular, with the inclusion of their statements (as of the dates specified in the report/statement and/or the references to their names and/or their opinion in the forms and context in which they are included).
- (d) As at the Latest Practicable Date, the experts set out above did not have any interests, whether direct or indirect, in any assets which had been, since 31 December 2014 to which the Company's latest audited financial statements were made up, acquired or disposed of by or leased to any member of the Group, or were proposed to be acquired or disposed of by or leased to any member of the Group.

## **11 MISCELLANEOUS**

- (a) The Company Secretary of the Company is Ms. Fung Yuk Bing (Stella), who is an associate member of The Institute of Chartered Secretaries and Administrators in the United Kingdom and The Hong Kong Institute of Company Secretaries.
- (b) The registered office of the Company is at P.O. Box 309, Ugland House, Grand Cayman, KY1-1104, Cayman Islands, and the principal place of business in Hong Kong of the Company is at 8th Floor, Henley Building, 5 Queen's Road Central, Hong Kong.
- (c) The Company's Branch Share Registrars in Hong Kong is Tricor Tengis Limited at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong.
- (d) This circular has been prepared in both English and Chinese. In the case of any discrepancy, the English text shall prevail.

## **12 DOCUMENTS AVAILABLE FOR INSPECTION**

Copies of the following documents will be available for inspection at the Company's principal place of business in Hong Kong during the normal business hours up to and including Tuesday, 1 March 2016 and at the Extraordinary General Meeting to be held on Wednesday, 2 March 2016:

- (a) the Memorandum and Articles of Association;
- (b) the contracts referred to in the paragraph titled "Material contracts" in this appendix;
- (c) the letter dated 4 February 2016 issued by the Independent Financial Adviser set out in pages 62 to 92 of this circular;

- (d) the accountants' report of the Plethora Group set out in Appendix V to this circular;
- (e) the assurance report from BDO Limited on the compilation of the unaudited pro forma financial information of the Enlarged Group set out in Appendix VI to this circular;
- (f) the valuation report set out in Appendix IX to this circular;
- (g) the assurance report from BDO Limited and the letter from the Board in relation to the valuation of Plethora set out in Appendix XI to this circular;
- (h) the consent letters referred to in the paragraph titled "Experts and consents" in this appendix;
- (i) the annual reports of the Company for the years ended 31 December 2013 and 2014 respectively; and
- (j) this circular.

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**APPENDIX XI      REPORT FROM THE REPORTING ACCOUNTANT AND THE LETTER  
FROM THE BOARD IN RELATION TO THE VALUATION OF PLETHORA**

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**A.    REPORT FROM THE REPORTING ACCOUNTANT IN RELATION TO THE VALUATION  
OF PLETHORA**

*The following is the text of a report received from the reporting accountant of the Company, BDO Limited, Certified Public Accountants, Hong Kong, for inclusion in this circular.*



Tel : +852 2218 8288  
Fax: +852 2815 2239  
www.bdo.com.hk

25<sup>th</sup> Floor Wing On Centre  
111 Connaught Road Central  
Hong Kong

電話：+852 2218 8288  
傳真：+852 2815 2239  
www.bdo.com.hk

香港干諾道中111號  
永安中心25樓

**INDEPENDENT ASSURANCE REPORT ON THE DISCOUNTED FUTURE CASH FLOWS IN  
CONNECTION WITH THE VALUATION OF PLETHORA**

**TO THE BOARD OF DIRECTORS OF REGENT PACIFIC GROUP LIMITED**

We refer to the discounted future cash flows on which the valuation (“**Valuation**”) dated 4 February 2016 prepared by Grant Sherman Appraisal Limited with respect to the valuation of the fair market value of a 100% equity interest in the business enterprise of Plethora Solutions Holdings plc (“**Plethora**”) as at 30 September 2015 is based. The Valuation is prepared based in part on discounted future cash flows and is regarded as a profit forecast under paragraph 14.61 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Listing Rules**”)

**Directors’ Responsibility for the Discounted Future Cash Flows**

The directors of Regent Pacific Group Limited (the “**Directors**”) are solely responsible for the preparation of the discounted future cash flows in accordance with the bases and assumptions adopted by the Directors and set out in the Valuation. This responsibility includes carrying out appropriate procedures relevant to the preparation of the discounted future cash flows for the Valuation and applying an appropriate basis of preparation; and making estimates that are reasonable in the circumstances.

**Our Independence and Quality Control**

We have complied with the independence and other ethical requirements of the Code of Ethics for Professional Accountants issued by the Hong Kong Institute of Certified Public Accountants (the “**HKICPA**”), which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behavior.

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**APPENDIX XI      REPORT FROM THE REPORTING ACCOUNTANT AND THE LETTER  
FROM THE BOARD IN RELATION TO THE VALUATION OF PLETHORA**

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Our firm applies Hong Kong Standard on Quality Control 1 “Quality Control for Firms that Perform Audits and Reviews of Financial Statements, and Other Assurance and Related Services Engagements”, and accordingly maintains a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

**Reporting Accountant’s Responsibilities**

It is our responsibility to report, as required by paragraph 29(2) of Appendix 1B of the Listing Rules, on the calculations of the discounted future cash flows used in the Valuation. The discounted future cash flows do not involve the adoption of accounting policies.

We conducted our engagement in accordance with the terms of our engagement and Hong Kong Standard on Assurance Engagements 3000 (Revised) “Assurance Engagements Other Than Audits or Reviews of Historical Financial Information” issued by the HKICPA. This standard requires that we plan and perform our work to obtain reasonable assurance as to whether, so far as the calculations are concerned, the Directors have properly compiled the discounted future cash flows in accordance with the bases and assumptions as set out in the Valuation. We performed procedures on the arithmetical calculations and the compilations of the discounted future cash flows in accordance with the bases and assumptions. Our work is substantially less in scope than an audit conducted in accordance with Hong Kong Standards on Auditing issued by the HKICPA. Accordingly, we do not express an audit opinion.

**Conclusion**

In our opinion, so far as the calculations are concerned, the discounted future cash flows have been properly compiled in accordance with the bases and assumptions adopted by the Directors as set out in the Valuation.

**Other Matters**

Without qualifying our opinion, we draw to your attention that we are not reporting on the appropriateness and validity of the bases and assumptions on which the discounted future cash flows are based and our work does not constitute any valuation of Plethora or an expression of an audit or review opinion on the Valuation.

The discounted future cash flows depend on future events and on a number of assumptions which cannot be confirmed and verified in the same way as past results and not all of which may remain valid throughout the period. Our work has been undertaken for the purpose of reporting solely to you under paragraph 29(2) of Appendix 1B of the Listing Rules and for no other purpose. We accept no responsibility to any other person in respect of, arising out of or in connection with our work.

Yours faithfully,  
**BDO Limited**  
*Certified Public Accountants*  
Hong Kong, 4 February 2016

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**APPENDIX XI      REPORT FROM THE REPORTING ACCOUNTANT AND THE LETTER  
FROM THE BOARD IN RELATION TO THE VALUATION OF PLETHORA**

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**(B) LETTER FROM THE BOARD ON THE PROFIT FORECAST**

*The following is the text of a letter dated 4 February 2016 from the Company to the Exchange in respect of the very substantial and connected acquisition which has been prepared for the purpose of incorporation in this circular.*



**REGENT PACIFIC GROUP LIMITED**

*(Incorporated in the Cayman Islands with limited liability)*

**(Stock code: 0575)**

4 February 2016

The Stock Exchange of Hong Kong Limited  
11th Floor, One International Finance Centre  
1 Harbour View Street  
Central  
Hong Kong

Dear Sir or Madam

**VERY SUBSTANTIAL AND CONNECTED TRANSACTION:  
CONDITIONAL ALL SHARE TAKEOVER OFFER  
FOR  
PLETHORA SOLUTIONS HOLDINGS PLC  
(to be effected by way of a scheme of arrangement  
under Part 26 of the Companies Act 2006)**

We refer to the circular issued by the Company on 4 February 2016 (the “**Circular**”), of which this letter forms part. Terms defined in the Circular shall have the same meanings when used herein unless the context otherwise requires.

We refer to the valuation report dated 4 February 2016 (the “**Valuation Report**”) prepared by Grant Sherman Appraisal Limited (the “**Valuer**”) in relation to Plethora, which is contained in Appendix IX to the Circular. The valuation set out in the Valuation Report prepared by the Valuer, for which the Valuer and the Company are responsible, constitutes a profit forecast under Rule 14.61 of the Exchange Rules.

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**APPENDIX XI      REPORT FROM THE REPORTING ACCOUNTANT AND THE LETTER  
FROM THE BOARD IN RELATION TO THE VALUATION OF PLETHORA**

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We have reviewed and discussed the Valuation Report, including the bases and assumptions based upon which the valuation of Plethora has been prepared. Pursuant to Rule 14.62 of the Exchange Rules, we have engaged BDO Limited, the Company's auditor, to report on whether, so far as the calculations are concerned, the discounted future cash flows of Plethora have been properly compiled in accordance with the bases and assumptions adopted in the Valuation Report, and considered such report issued by BDO Limited.

On the basis of the foregoing, we are of the opinion that the valuation prepared by the Valuer in the Valuation Report has been made after due and careful enquiry.

Yours faithfully  
On behalf of the Board of  
**Regent Pacific Group Limited**

**James Mellon**  
*Co-Chairman*

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## NOTICE OF EXTRAORDINARY GENERAL MEETING

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### REGENT PACIFIC GROUP LIMITED

*(Incorporated in the Cayman Islands with limited liability)*

(Stock code: 0575)

### NOTICE OF EXTRAORDINARY GENERAL MEETING

**NOTICE IS HEREBY GIVEN THAT** the Extraordinary General Meeting of the Company will be held at Salons 1 and 2, Level 1, MGM Macau\*, Avenida Dr. Sun Yat Sen, NAPE, Macau on Wednesday, 2 March 2016 at 11:00 a.m. to consider and, if thought fit, approve (with or without amendments) the following resolutions (\*Shuttle buses of MGM Macau will depart from the New Macau Maritime Ferry Terminal from time to time):

#### 1. AS AN ORDINARY RESOLUTION

“**THAT:**

- (a) the Transaction (as defined and detailed in the shareholders’ circular issued by the Company on 4 February 2016 (the “**Circular**”), a copy of the which is produced at the meeting marked “A” and signed by the chairman of the meeting for the purpose of identification) and the transactions and agreements contemplated under or incidental to the Transaction be and are hereby approved;
- (b) conditional upon the passing of Ordinary Resolution numbered (2) below and upon the Listing Committee of The Stock Exchange of Hong Kong Limited granting the listing of, and permission to deal in, up to 14,047,113,239 Consideration Shares (as defined and detailed in the Circular, being the sum of: (i) up to 11,568,619,063 new shares to be issued, credited as fully paid, by the Company to Plethora Shareholders (as defined and detailed in the Circular); and (ii) up to 2,478,494,176 new shares to be issued, credited as fully paid, by the Company to the holders of the Plethora Convertible Instruments (as defined and detailed in the Circular) and the holders of awards under the Plethora LTIP (as defined and detailed in the Circular), in each case pursuant to the Transaction), the issue of the Consideration Shares be and is hereby approved; and
- (c) the directors of the Company (the “**Directors**”) be and are hereby authorised to do all such acts and things, including but not limited to execution of all documents, which the Directors deem necessary, appropriate or desirable or expedient to implement and give effect to any matters relating to or in connection with the transactions contemplated under the Transaction.”



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## NOTICE OF EXTRAORDINARY GENERAL MEETING

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### 2. AS AN ORDINARY RESOLUTION

“**THAT** conditional upon the passing of Ordinary Resolution numbered (1) above, the authorised share capital of the Company be increased from US\$105,500,000 comprising: (a) 10,000,000,000 ordinary shares of US\$0.01 each (“**Share(s)**”); and (b) 550,000,000 unclassified shares of US\$0.01 each (which may be issued as ordinary shares or non-voting convertible deferred shares (“**Deferred Share(s)**”)) to US\$235,500,000 by the creation of 13,000,000,000 additional Shares so that the share capital comprises: (i) 23,000,000,000 Shares; and (ii) 550,000,000 unclassified shares of US\$0.01 each (which may be issued as Shares or Deferred Shares).”

By Order of the Board of  
**Regent Pacific Group Limited**

**Jamie Gibson**  
*Director*

#### **Directors of the Company:**

James Mellon (*Co-Chairman*)\*  
Stephen Dattels (*Co-Chairman*)\*  
Jamie Gibson (*Chief Executive Officer*)  
David Comba#  
Julie Oates#  
Mark Searle#  
Jayne Sutcliffe\*

\* *Non-Executive Directors*

# *Independent Non-Executive Directors*

Hong Kong, 4 February 2016

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## NOTICE OF EXTRAORDINARY GENERAL MEETING

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Notes:

1. Shareholders are recommended to read the shareholders' circular dated 4 February 2016 issued by the Company (the "**Circular**"), which contains important information concerning the resolutions proposed at the extraordinary general meeting being convened by this notice (the "**Extraordinary General Meeting**").

Unless the context requires otherwise, capitalised terms used in this notice shall have the same meaning given to them in the Circular, of which this notice forms part.

2. A member of the Company entitled to attend and vote at the meeting convened by this notice is entitled to appoint one or more proxies to attend and vote in his stead. A proxy need not be a member of the Company. Completion and return of an instrument appointing a proxy will not preclude a member from attending and voting in person at the meeting or any adjourned meeting if he so wishes.
3. In order for it to be valid, the form of proxy, accompanied by the power of attorney (if applicable) or other authority (if any) under which it is signed or a certified copy of that power or authority, must be deposited with the Company Secretary at the Company's principal place of business in Hong Kong at 8th Floor, Henley Building, 5 Queen's Road Central, Hong Kong not less than 48 hours before the time appointed for the meeting or its adjourned meeting.
4. In the case of joint registered holders, the vote of the senior who tenders a vote, whether in person or by proxy, shall be accepted to the exclusion of the votes of the other joint holder(s). For this purpose, seniority shall be determined by the order in which the names of the holders stand in the Register of Members of the Company in respect of such joint holding.
5. In the case of a conflict between the English text of this notice and its Chinese translation, the English text will prevail.
6. If at any time after 7:00 am on the date of the Extraordinary General Meeting: (i) Typhoon Signal numbered 8 or above or a "black" rainstorm warning is in effect; or (ii) the service of the ferry between Hong Kong and Macau is suspended, the Extraordinary General Meeting will be postponed. The Company will post an announcement on the websites of the Company ([www.regentpac.com](http://www.regentpac.com)) and the Exchange ([www.hkexnews.hk](http://www.hkexnews.hk)) to notify shareholders of the date, time and place of the re-scheduled meeting.