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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)

**MAJOR AND CONNECTED TRANSACTION:
DISPOSAL OF SHARES IN
BINARY HOLDINGS LTD.
(FORMERLY KNOWN AS
“REGENT MARKETS HOLDINGS LTD.”),
A 49.90 PER CENT OWNED ASSOCIATED COMPANY**

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

ALTUS CAPITAL LIMITED

A notice convening the extraordinary general meeting of Regent Pacific Group Limited is set out in Pages 70 to 73 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 Tuesday, 31 March 2015. 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.

16 March 2015

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DEFINITIONS

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

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| “A\$” | Australian dollars, the lawful currency in Australia |
| “AIM” | the Alternative Investment Market of the London Stock Exchange |
| “Articles of Association” | the articles of association of the Company, copies of which are available on the websites of the HK Stock Exchange and the Company |
| “ASX” | the Australian Securities Exchange |
| “associate(s)” | shall have the meaning defined in the HK Listing Rules |
| “Binary” | Binary Holdings Ltd. (formerly known as “Regent Markets Holdings Ltd.”), a limited liability company incorporated in the British Virgin Islands and continued in the Cayman Islands and currently a 49.90 per cent owned associated company of the Company |
| “Binary Share(s)” | the fully paid ordinary shares of US\$0.10 each in the capital of Binary |
| “Board” | the board of directors of the Company |
| “Business Day” | a day which is not a Saturday, Sunday or a public holiday in Hong Kong or Beijing |
| “China” | People’s Republic of China |
| “CINL” | Capital International (Nominees) Limited, being the nominee for a pension fund, of which Anderson Whamond is the sole beneficiary, which is also referred to as “the nominee for Anderson Whamond” in this circular |
| “Company” | Regent Pacific Group Limited, a company incorporated in the Cayman Islands with limited liability, the Shares of which are listed on the HK Stock Exchange and are also traded on the OTC market (Freiverkehr) of the Frankfurt Stock Exchange |
| “connected person(s)” | shall have the meaning defined in Chapter 14A of the HK Listing Rules |
| “Director(s)” | the directors of the Company |

DEFINITIONS

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| “Disposal” | the First Sale and the Third Parties Sale, being the disposal by the Company of, in aggregate, 938,978 Binary Shares for an aggregate cash consideration of US\$15 million (or approximately HK\$117 million), before interest |
| “EGM Notice” | the notice convening the Extraordinary General Meeting as set out in Pages 70 to 73 of this circular |
| “Extraordinary General Meeting” | the extraordinary general meeting convened to be held on Thursday, 2 April 2015, the notice of which is set out in Pages 70 to 73 of this circular, to consider and approve the Disposal (in its entirety) |
| “First Sale” | the disposal by the Company of, in aggregate, 708,584 Binary Shares to: (i) 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 the 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, pursuant to the First Sale Agreement |
| “First Sale Agreement” | the sale and purchase agreement dated 16 January 2015 (after market close in Hong Kong) entered into by the Company with: (i) JYS (BVI) Ltd.; (ii) Jean-Yves Sireau; (iii) Binary; (iv) James Mellon; and (v) CINL (as the nominee for Anderson Whamond) in respect of the First Sale |
| “First Sale Closing” | the closing of the First Sale |
| “First Sale Long Stop Date” | six (6) months from the date of the First Sale Agreement or, in any event, such other date as may be agreed among the parties thereto |
| “First Sale Purchaser(s)” | the purchasers named in the First Sale Agreement, being: (i) Jean-Yves Sireau; (ii) Binary; (iii) James Mellon; and (iv) CINL (as the nominee for Anderson Whamond) |
| “First Sale Shares” | 708,584 Binary Shares |
| “GBP” | Great British Pounds, the lawful currency in the United Kingdom |
| “Group” | the Company and its subsidiaries |

DEFINITIONS

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| “HK Listing Rules” | The Rules Governing the Listing of Securities on the HK Stock Exchange, as amended from time to time |
| “HK Stock Exchange” | The Stock Exchange of Hong Kong Limited |
| “HK\$” | Hong Kong dollars, the lawful currency in Hong Kong |
| “Independent Board Committee” | the independent board committee established by the Company, comprising the Independent Non-Executive Directors of the Company, to advise the Independent Shareholders on the Disposal (in its entirety and including the financial assistance (as referred to in Paragraph 10 titled “Financial assistance” in this circular)) |
| “Independent Financial Adviser” | Altus Capital Limited, being the independent financial adviser appointed by the Company to advise the Independent Board Committee on the Disposal (in its entirety and including the financial assistance (as referred to in Paragraph 10 titled “Financial assistance” in this circular)) |
| “Independent Shareholders” | the Shareholders excluding James Mellon, Anderson Whamond and Jean-Yves Sireau (and their respective associates) |
| “Latest Practicable Date” | Monday, 9 March 2015, being the latest practicable date prior to the printing of this circular for ascertaining certain information for inclusion in this circular |
| “Memorandum and Articles of Association” | the memorandum and articles of association of the Company, copies of which are available on the websites of the HK Stock Exchange and the Company |
| “Model Code” | The Model Code for Securities Transactions by Directors of Listed Issuers set out in Appendix 10 to the HK Listing Rules, as amended from time to time |
| “Option(s)” | in relation to the information contained in the “General information” in Appendix II, the options granted and exercisable under the Share Option Scheme (2002) |
| “Sale Share(s)” | the First Sale Shares and the Third Parties Sale Shares, being, in aggregate, 938,978 Binary Shares |
| “SFO” | The Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong), as amended from time to time |

DEFINITIONS

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| “Share Option Scheme (2002)” | in relation to the information contained in the “General information” in Appendix II, 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 |
| “Shareholder(s)” | the holders of the Shares |
| “Shareholders’ Agreement” | the shareholders’ agreement dated 7 October 1999 relating to Binary entered into between: (i) the Company; (ii) JYS Ltd. (a company incorporated in Mauritius and wholly owned by Jean-Yves Sireau); and (iii) Jean-Yves Sireau (as amended by various supplemental agreements), which was further amended by the deed of novation dated 26 September 2011, pursuant to which JYS (BVI) Ltd. (a company incorporated in the British Virgin Islands and wholly owned by Jean-Yves Sireau) became a party thereto in respect of JYS Ltd. and assumed all rights and obligations of JYS Ltd. thereunder |
| “Share(s)” | the ordinary shares, with voting rights, of US\$ 0.01 each in the capital of the Company, which are listed on the HK Stock Exchange and are also traded on the OTC market (Freiverkehr) of the Frankfurt Stock Exchange |
| “Termination Agreement” | the agreement to be entered into between: (i) the Company; (ii) JYS (BVI) Ltd.; and (iii) Jean-Yves Sireau at the First Sale Closing to terminate the Shareholders’ Agreement |
| “Third Parties Sale” | the disposal by the Company of, in aggregate, 230,394 Binary Shares, in each case by way of a share transfer, to: (i) Euroblue Investments Limited (187,796 Binary Shares); (ii) CINL (as the 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 (if any), pursuant to the Third Parties Sale Agreement |

DEFINITIONS

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| “Third Parties Sale Agreement” | the sale and purchase agreement dated 4 March 2015 (after market close in Hong Kong) entered into 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 Third Parties Sale |
| “Third Parties Sale Closing” | the closing of the Third Parties Sale |
| “Third Parties Sale Purchaser(s)” | the purchasers named in the Third Parties Sale Agreement, being: (i) Euroblue Investments Limited; (ii) CINL (as the nominee for Anderson Whamond); and (iii) five independent individuals |
| “Third Parties Sale Shares” | 230,394 Binary Shares |
| “US\$” | United States dollars, the lawful currency in the United States |

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

LETTER FROM THE BOARD



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[#]

Julie Oates[#]

Mark Searle[#]

Jayne Sutcliffe

[#] *Independent Non-Executive Directors*

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

16 March 2015

To the shareholders of Regent Pacific Group Limited

Dear Sir or Madam

**MAJOR AND CONNECTED TRANSACTION:
DISPOSAL OF SHARES IN
BINARY HOLDINGS LTD.
(FORMERLY KNOWN AS
"REGENT MARKETS HOLDINGS LTD."),
A 49.90 PER CENT OWNED ASSOCIATED COMPANY**

1 INTRODUCTION

The Company announced on 16 January 2015 that it was to dispose of up to 938,978 Binary Shares, being approximately 46.95 per cent of the total issued share capital of Binary and a majority of Company's shareholding in Binary (currently a 49.90 per cent owned associated company of the Company), by way of the First Sale and the Third Parties Sale (collectively the "**Disposal**"), for an aggregate consideration of US\$15 million (or approximately HK\$117 million) in cash, before interest.

The Company further announced on 4 March 2015 that it had entered into the Third Parties Sale Agreement in respect of the Third Parties Sale.

LETTER FROM THE BOARD

The Disposal (including the financial assistance (as referred to in Paragraph 10 titled “Financial assistance” below)) constitutes a major and connected transaction of the Company under Chapters 14 and 14A of the HK Listing Rules and requires approval of Shareholders in general meeting of the Company. The Company proposes to seek from Shareholders at the Extraordinary General Meeting an approval for the First Sale and the Third Parties Sale.

Given their interests held in the Disposal, James Mellon, Anderson Whamond and Jean-Yves Sireau (and their respective associates) will be required to abstain from voting in respect of the proposed resolutions at the Extraordinary General Meeting.

The Independent Board Committee has been established by the Company, comprising the Company’s three Independent Non-Executive Directors, namely David Comba, Julie Oates and Mark Searle, to advise the Independent Shareholders on the Disposal. Altus Capital Limited has been appointed by the Company as the Independent Financial Adviser to advise the Independent Board Committee on the Disposal (in its entirety and including the financial assistance (as referred to in Paragraph 10 titled “Financial assistance” below)).

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 resolutions proposed at the Extraordinary General Meeting to approve the Disposal (in its entirety and including the financial assistance (as referred to in Paragraph 10 titled “Financial assistance” below)), 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 FIRST SALE

As part of the Disposal, on 16 January 2015 (after market close in Hong Kong), the Company entered into the First Sale Agreement, pursuant to which the Company has agreed to sell, and the other parties have agreed to purchase, 708,584 Binary Shares for an aggregate consideration of US\$11,319,498.46 (or approximately HK\$88,292,087.99) in cash, before interest. Further details of the First Sale Agreement are set out below.

(a) **Date**

16 January 2015

(b) **Parties**

The Company and:

(i) JYS (BVI) Ltd.;

(ii) Jean-Yves Sireau;

(iii) Binary;

LETTER FROM THE BOARD

(iv) James Mellon; and

(v) CINL (as the nominee for Anderson Whamond)

(c) **First Sale Shares to be disposed of by the Company**

708,584 Binary Shares (being approximately 35.43 per cent of the existing issued share capital of Binary), in aggregate, to:

(i) 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, as referred to in sub-paragraph 2(f) titled “Selective share buy-back by Binary” below);

(iii) James Mellon (125,197 Binary Shares, by way of a share transfer); and

(iv) CINL (as the nominee for Anderson Whamond) (20,000 Binary Shares, by way of a share transfer)

(collectively the “**First Sale Purchaser(s)**”)

(d) **Consideration**

US\$15.9748152 (or approximately HK\$124.60) per Sale Share, or an aggregate consideration of US\$11,319,498.46 (or approximately HK\$88,292,087.99) (before interest), payable in cash by the First Sale Purchasers (in the amounts relative to the numbers of Sale Shares acquired by the respective First Sale Purchasers) to the Company in the following manner:

(i) an amount equal to US\$5,659,749.23 (or approximately HK\$44,146,043.99) shall be payable and must be paid in cash (in US\$) by 5:00 p.m. on the date of the First Sale Closing; and

(ii) an amount equal to US\$5,659,749.23 (or approximately HK\$44,146,043.99), together with any interest at the rate of 8 per cent per annum to be calculated and accrue daily in respect of any and all unpaid sums from (and including) the date of the First Sale Closing (“**deferred consideration**”), shall be payable and must be paid in cash (in US\$) within 18 months of the date of the First Sale Closing.

(e) **Conditions precedent**

Completion of the First Sale Agreement is conditional upon:

(i) if, and to the extent, required under the HK Listing Rules or otherwise by the HK Stock Exchange, the Shareholders of the Company, including (where applicable)

LETTER FROM THE BOARD

independent shareholders of the Company, having passed a resolution or resolutions approving: (i) the disposal of the First Sale Shares to the First Sale Purchasers; and (ii) the entry into and performance of any other transactions or agreements contemplated in the First Sale Agreement;

(ii) the execution, adoption, perfection and/or approval, as the case may require, of the First Sale Agreement, together with:

- any and all documents required under the applicable law to effect the selective share buy-back by Binary from the Company of 375,591 Binary Shares (as referred to in sub-paragraph 2(f) titled “Selective share buy-back by Binary” below);
- the replacement or amended Articles of Association of Binary;
- the Termination Agreement which terminates the Shareholders’ Agreement; and
- any and all board and shareholders’ resolutions and circulars, in respect of any of the parties, as may be required to effect the transactions contemplated in therein,

to the reasonable satisfaction of each of the parties thereto;

(iii) each of the Company, on the one hand, and the First Sale Purchasers, on the other, as applicable, having performed or complied with in all material respects (save for the payment or settlement of the amount referred to in sub-paragraph 2(d)(i) under “Consideration” above, which the First Sale Purchasers must pay or settle in full at the First Sale Closing) all other obligations, undertakings and covenants required to be performed or complied with by it/them on or prior to First Sale Closing;

(iv) obtaining of all necessary approvals and documents required under the laws of Cayman Islands, Isle of Man, Malta, the United Kingdom and Malaysia for the effective transfer of the First Sale Shares to the First Sale Purchasers; and

(v) the warranties remaining true, accurate and not misleading in all material respects as given at the date of the First Sale Agreement and at the First Sale Closing as if made on and as of the date of the First Sale Closing.

(f) Selective share buy-back by Binary

The 375,591 Binary Shares to be disposed of by the Company to Binary (as referred to in sub-paragraph 2(c) titled “First Sale Shares to be disposed of by the Company” above) are to be cancelled by Binary upon completion of the selective share buy-back.

LETTER FROM THE BOARD

(g) Further subscription of new Binary Shares by JYS (BVI) Ltd.

Consistent with the Shareholders' Agreement and as a consequence of the valuation attributable to Binary as a result of the contemplated Disposal, within 14 days of completion of the sale of not less than: (i) 375,591 Binary Shares from the Company to Binary by way of a selective share buy-back; and (ii) 187,796 Binary Shares from the Company to Jean-Yves Sireau by way of a share transfer, and, in each case, the receipt by the Company of any and all consideration and deferred consideration in respect thereof and, where applicable, interest, in cash and in full, JYS (BVI) Ltd. is entitled to subscribe for 1,326,667 new Binary Shares at an aggregate subscription price of US\$398,000 (or approximately HK\$3,104,400).

The number of new Binary Shares that JYS (BVI) Ltd. is entitled to subscribe for and the aggregate subscription price payable by JYS (BVI) Ltd. for such shares is provided for in the Shareholders' Agreement. In this respect, the Shareholders' Agreement provides that, in the event that Binary Shares comprising, in aggregate, 25 per cent or more of the issued share capital of Binary are placed privately or otherwise sold and the value on Binary, or any of its subsidiaries (including Binary Limited), imputed by such sale and purchase (being the amount obtained by multiplying the price at which such Binary Shares are purchased by the total number of Binary Shares outstanding) is more than US\$50 million, after taking into account historical dividends paid and declared, then, within 14 days of completion of the relevant transaction(s), JYS (BVI) Ltd. is entitled to subscribe for that number of additional Binary Shares that are required to be issued to it in order to increase JYS (BVI) Ltd.'s interest to 70 per cent at a total subscription price equal to US\$2,000,000 multiplied by the increase in JYS (BVI) Ltd.'s proportional interest. JYS (BVI) Ltd. currently holds 1,002,000 Binary Shares (or 50.10 per cent) of 2,000,000 Binary Shares in issue, so a further subscription of 1,326,667 new Binary Shares is required to take its interest to 70 per cent. The increase in JYS (BVI) Ltd.'s proportional interest is from 50.10 per cent to 70 per cent, so the aggregate subscription price of US\$398,000 (or approximately HK\$3,104,400) is derived by multiplying 19.9 per cent by US\$2,000,000.

It is expressly agreed in the First Sale Agreement that the further subscription by JYS (BVI) Ltd. for 1,326,667 new Binary Shares at an aggregate subscription price of US\$398,000 (or approximately HK\$3,104,400) is conditional upon completion of the sale of not less than: (i) 375,591 Binary Shares from the Company to Binary by way of a selective share buy-back; and (ii) 187,796 Binary Shares from the Company to Jean-Yves Sireau by way of a share transfer, pursuant to the First Sale and, in each case, the receipt by the Company of any and all consideration and deferred consideration in respect thereof and, where applicable, interest, in cash and in full. The further subscription by JYS (BVI) Ltd. is not in any way conditional upon the Third Parties Sale.

Binary currently only has two shareholders, being the Company and JYS (BVI) Ltd., whose relationship is governed by the Shareholders' Agreement. Following completion of the First Sale and, more so, after completion of the Third Parties Sale, additional investors will become shareholders of Binary. Accordingly, so as to be better manage the rights and relationship among the expanded group of shareholders, contemplated by the Disposal, the Company and JYS (BVI) Ltd., being the parties to the Shareholders' Agreement, have agreed in the First Sale Agreement

LETTER FROM THE BOARD

to enter into the Termination Agreement, which shall terminate the Shareholders' Agreement with effect at the First Sale Closing. Rather, and as further provided in the First Sale Agreement, the rights and relationship among the expanded group of shareholders of Binary will, from the First Sale Closing, be solely governed by a replacement set of articles of association of Binary.

As JYS (BVI) Ltd.'s further subscription right (referred to above) is only triggered upon payment by Binary and Jean-Yves Sireau of any and all consideration and deferred consideration (including, where applicable, interest) in cash and in full in respect of the transfer of Binary Shares to them, such subscription right may not be triggered until after the First Sale Closing and therefore after the termination of the Shareholders' Agreement. As such, the parties to the First Sale Agreement, including the Company, have acknowledged and agreed, in the First Sale Agreement, that the entitlement of JYS (BVI) Ltd. for further subscription of new Binary Shares (as referred to in the foregoing paragraphs) shall survive thereafter on the terms stated in the First Sale Agreement.

(h) **First Sale Closing**

The First Sale Closing shall take place on the first Business Day following (but not including) the day on which the last of the conditions set out in the First Sale Agreement has been satisfied or, where capable of being waived, waived or on such other date as may be agreed between the parties.

(i) **Termination**

The First Sale Agreement may be terminated at any time:

- (i) by mutual written consent of the parties thereto;
- (ii) by either the First Sale Purchasers or the Company, if the First Sale Closing shall not have taken place on or before the First Sale Long Stop Date;
- (iii) if each of the First Sale Purchasers has complied with its or his material obligations under the First Sale Agreement, by the First Sale Purchasers, by giving written notice to the Company, if the Company shall have breached or failed to perform any of its representations, warranties, undertakings or obligations thereunder, which breach or failure to perform:
 - would give rise to the failure of a condition (as referred to in sub-paragraph 2(e) titled "Conditions precedent" above); and
 - is incapable of cure or has not been cured within ten (10) Business Days following the giving of written notice of such breach to the Company; or

LETTER FROM THE BOARD

(iv) if the Company has complied with its material obligations under the First Sale Agreement, by the Company, by giving written notice to the First Sale Purchaser(s), if the First Sale Purchaser(s) shall have breached or failed to perform any of its representations, warranties, undertakings or obligations thereunder, which breach or failure to perform:

- would give rise to the failure of a condition (as referred to in sub-paragraph 2(e) titled “Conditions precedent” above); and
- is incapable of cure or has not been cured within ten (10) Business Days following the giving of written notice of such breach to the First Sale Purchaser(s).

3 THE THIRD PARTIES SALE

Separate from and in addition to the First Sale, as part of the Disposal, it was the intention of the Company to dispose of up to 230,394 Binary Shares to third parties pursuant to the Third Parties Sale Agreement (on exactly the same terms in respect of price and otherwise on substantially similar terms and conditions as set out in the First Sale Agreement), for an aggregate consideration of US\$3,680,501.57 (or approximately HK\$28,707,912.25) in cash, before interest (if any) on or before the First Sale Long Stop Date.

In this regard, the Company announced on 4 March 2015 that (after market close in Hong Kong that day), the Company entered into the Third Parties Sale Agreement, pursuant to which the Company has agreed to sell, and the other parties have agreed to purchase, 230,394 Binary Shares for an aggregate consideration of US\$3,680,501.57 (or approximately HK\$28,707,912.25) in cash, before interest (if any). Further details of the Third Parties Sale Agreement are set out below.

(a) **Date**

4 March 2015

(b) **Parties**

The Company and:

- (i) Euroblue Investments Limited;
- (ii) CINL (as the nominee for Anderson Whamond); and
- (iii) five independent individuals

LETTER FROM THE BOARD

(c) **Third Parties Sale Shares to be disposed of by the Company**

230,394 Binary Shares (being approximately 11.52 per cent of the existing issued share capital of Binary), in aggregate and in each case by way of a share transfer, to:

- (i) Euroblue Investments Limited (187,796 Binary Shares);
- (ii) CINL (as the nominee for Anderson Whamond) (20,000 Binary Shares); and
- (iii) five independent individuals (in aggregate, 22,598 Binary Shares)

(collectively the “**Third Parties Sale Purchaser(s)**”)

(d) **Consideration**

US\$15.9748152 (or approximately HK\$124.60) per Sale Share, or an aggregate consideration of US\$3,680,501.57 (or approximately HK\$28,707,912.25) (before interest), payable in cash by the Third Parties Sale Purchasers (in the amounts relative to the numbers of Third Parties Sale Shares acquired by the respective Third Parties Sale Purchasers) to the Company in the following manner:

- (i) an amount equal to US\$1,840,250.79 (or approximately HK\$14,353,956.16) shall be payable and must be paid in cash (in US\$) by 5:00 p.m. on the date of the Third Parties Sale Closing; and
- (ii) an amount equal to US\$1,840,250.79 (or approximately HK\$14,353,956.16), together with any interest at the rate of 8 per cent per annum to be calculated and accrue daily in respect of any and all unpaid sums from (and including) the date of the Third Parties Sale Closing (“**deferred consideration**”), shall be payable and must be paid in cash (in US\$) within 18 months of the date of the Third Parties Sale Closing.

(e) **Conditions precedent**

Completion of the Third Parties Sale Agreement is conditional upon:

- (i) if, and to the extent, required under the HK Listing Rules or otherwise by the HK Stock Exchange, the Shareholders of the Company, including (where applicable) independent shareholders of the Company, having passed a resolution or resolutions approving: (i) the disposal of the Third Parties Sale Shares to the Third Parties Sale Purchasers; and (ii) the entry into and performance of any other transactions or agreements contemplated in the Third Parties Sale Agreement;
- (ii) First Sale Closing;
- (iii) each of the Company, on the one hand, and the Third Parties Sale Purchasers, on the other, as applicable, having performed or complied with in all material respects (save

LETTER FROM THE BOARD

for the payment or settlement of the amount referred to in sub-paragraph 3(d)(i) under “Consideration” above, which the Third Parties Sale Purchasers must pay or settle in full at the Third Parties Sale Closing) all other obligations, undertakings and covenants required to be performed or complied with by it/them on or prior to Third Parties Sale Closing;

- (iv) obtaining of all necessary approvals and documents required under the laws of Cayman Islands, Isle of Man, Malta, the United Kingdom and Malaysia for the effective transfer of the Third Parties Sale Shares to the Third Parties Sale Purchasers; and
- (v) the warranties remaining true, accurate and not misleading in all material respects as given at the date of the Third Parties Sale Agreement and at the Third Parties Sale Closing as if made on and as of the date of the Third Parties Sale Closing.

(f) Further subscription of new Binary Shares by JYS (BVI) Ltd.

Each of the Third Parties Sale Purchasers has acknowledged and agreed the matters set out in Paragraph 2(g) titled “Further subscription of new Binary Shares by JYS (BVI) Ltd.” under “The First Sale” above.

(g) Third Parties Sale Closing

The Third Parties Sale Closing shall take place on the first Business Day following (but not including) the day on which the last of the conditions set out in the Third Parties Sale Agreement has been satisfied or, where capable of being waived, waived or on such other date as may be agreed between the parties. It is expected that the Third Parties Sale Closing will take place immediately or as soon as practicable following the First Sale Closing.

(h) Termination

The Third Parties Sale Agreement may be terminated at any time:

- (i) by mutual written consent of the parties thereto;
- (ii) by either the Third Parties Sale Purchasers or the Company, if the Third Parties Sale Closing shall not have taken place on or before the First Sale Long Stop Date;
- (iii) if each of the Third Parties Sale Purchasers has complied with its or his material obligations under the Third Parties Sale Agreement, by the Third Parties Sale Purchasers, by giving written notice to the Company, if the Company shall have breached or failed to perform any of its representations, warranties, undertakings or obligations thereunder, which breach or failure to perform:
 - would give rise to the failure of a condition (as referred to in sub-paragraph 3(e) titled “Conditions precedent” above); and

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- is incapable of cure or has not been cured within ten (10) Business Days following the giving of written notice of such breach to the Company; or
- (iv) if the Company has complied with its material obligations under the Third Parties Sale Agreement, by the Company, by giving written notice to the Third Parties Sale Purchaser(s), if the Third Parties Sale Purchaser(s) shall have breached or failed to perform any of its representations, warranties, undertakings or obligations thereunder, which breach or failure to perform:
- would give rise to the failure of a condition (as referred to in sub-paragraph 3(e) titled “Conditions precedent” above); and
 - is incapable of cure or has not been cured within ten (10) Business Days following the giving of written notice of such breach to the Third Parties Sale Purchaser(s).

In the First Sale Agreement, the Company agreed that in the event that the Third Parties Sale Agreement had not been entered into by the Company with third parties in respect of the Third Parties Sale Shares (being 230,394 Binary Shares) on or prior to the First Sale Long Stop Date, each of the First Sale Purchasers shall have the right to acquire his/its pro rata share (calculated by dividing the number of Sale Shares allocated to each First Sale Purchaser in the First Sale Agreement by the total number of Sale Shares) of the unsold Third Parties Sale Shares on exactly the same terms provided in the First Sale Agreement, including the same consideration per Binary Share as is payable for the First Sale Shares, within five Business Days of the First Sale Long Stop Date, unless otherwise agreed between the parties. Should any Third Parties Sale Shares remain unsold thereafter, such unsold Third Parties Sale Shares shall remain in the property of the Company, to be held legally and beneficially by it and kept in its possession.

As the Third Parties Sale Agreement has now been entered into, the Company does not consider it likely that the First Sale Purchasers will be offered their pro rata rights to acquire any remaining Binary Shares. However, in the event that, for whatever reason, the Third Parties Sale Agreement does not close as planned, it is envisaged that such rights will remain.

As CINL (as the nominee for Anderson Whamond) is also participating in the Third Parties Sale Agreement and is doing so in excess of what its pro rata entitlement might have been should the aforementioned shortfall remain as at the First Sale Long Stop Date, each of the First Sale Purchasers has, on 24 February 2015, executed a waiver and consent of its participation in the Third Parties Sale.

As disclosed in Paragraph 2(g) titled “Further subscription of new Binary Shares by JYS (BVI) Ltd.” under “The First Sale” above, the Company does note that JYS (BVI) Ltd.’s further subscription right is at a lower subscription price per Binary Share when compared to the consideration that the First Sale Purchasers have agreed to pay under the First Sale Agreement and what the Third Parties Sale Purchasers have agreed to pay under the Third Parties Sale Agreement. This is justified as such subscription right and related economics are purely a function of an existing right under the Shareholders’ Agreement, a right that was afforded to JYS (BVI) Ltd. (being the nominee entity of the founder of Binary, Jean-Yves Sireau) as an incentive and ultimately a reward for growing the value of Binary, something that has plainly been beneficial to Binary’s shareholders, including the Company.

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The Third Parties Sale is conditional upon the First Sale Closing and it is anticipated that the Third Parties Sale Closing will take place immediately or as soon as practicable following the First Sale Closing.

The Company considers it only appropriate that Independent Shareholders be given the opportunity to vote and, if thought fit, approve the Third Parties Sale when considering resolutions in respect of the First Sale, as both relate to the Company's broader Disposal intentions and the Third Parties Sale Closing is conditional upon the First Sale Closing.

4 THE DISPOSAL

Prior to entering into the First Sale Agreement and before the Third Parties Sale, the Company held 998,000 Binary Shares, representing 49.90 per cent of the existing issued share capital of Binary, which were acquired in two equal tranches in November 1999 and February 2000 for an aggregate amount of cash consideration of US\$2 million (or approximately HK\$15.60 million). The remaining 50.10 per cent (represented by 1,002,000 Binary Shares) of the existing issued share capital of Binary is held by JYS (BVI) Ltd.

Currently, the board of Binary consists of three directors, namely Jean-Yves Sireau, James Mellon and JYS (BVI) Ltd.

As at 30 November 2014 (using unaudited management accounts), the net asset value (or NAV) per Binary Share was US\$5.08.

For the purposes of valuing Binary, the Company used an implied valuation of Binary Limited (a 93.35 per cent owned subsidiary of Binary) of US\$50.50 million, which is arrived at based on price earnings ratio of 8.84 x Binary Limited's 2013 earnings. Based on Binary's shareholding in Binary Limited of 93.35 per cent, Binary (whose sole activity is holding shares of Binary Limited) is therefore valued at approximately US\$47.14 million or an implied value per Binary Share of US\$15.974. Further details of the basis upon which the consideration was determined is set out in Paragraph 5 entitled "Basis of consideration" below.

In respect of the post-deal interest of the various parties, please note that:

- (a) As at the First Sale Closing (after the selective share buy-back by Binary (as referred to in Paragraph 2(f) titled "Selective share buy-back by Binary" under "The First Sale" above) but before completion of the further subscription of new Binary Shares by JYS (BVI) Ltd. (as referred to in Paragraph 2(g) titled "Further subscription of new Binary Shares by JYS (BVI) Ltd." under "The First Sale" above) and before the Third Parties Sale), the Company will continue to hold 289,416 Binary Shares, representing approximately 17.82 per cent of the share capital of Binary. The remaining interests will be held by: (i) JYS (BVI) Ltd. as to 61.68 per cent; (ii) Jean-Yves Sireau as to 11.56 per cent; (iii) James Mellon as to 7.71 per cent; and (iv) CINL (as the nominee for Anderson Whamond) as to 1.23 per cent.

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- (b) As at the First Sale Closing (after the selective share buy-back by Binary (as referred to in Paragraph 2(f) titled “Selective share buy-back by Binary” under “The First Sale” above) and assuming completion of the further subscription of new Binary Shares by JYS (BVI) Ltd. (as referred to in Paragraph 2(g) titled “Further subscription of new Binary Shares by JYS (BVI) Ltd.” under “The First Sale” above) but before the Third Parties Sale or, failing which, any take up by the First Sale Purchasers of his/its pro rata share of the unsold Third Parties Sale Shares), the Company will continue to hold 289,416 Binary Shares, representing approximately 9.81 per cent of the enlarged share capital of Binary. The remaining interests will be held by: (i) JYS (BVI) Ltd. as to 78.91 per cent; (ii) Jean-Yves Sireau as to 6.36 per cent; (iii) James Mellon as to 4.24 per cent; and (iv) CINL (as the nominee for Anderson Whamond) as to 0.68 per cent.
- (c) As at the First Sale Closing (after the selective share buy-back by Binary (as referred to in Paragraph 2(f) titled “Selective share buy-back by Binary” under “The First Sale” above) but before completion of the further subscription of new Binary Shares by JYS (BVI) Ltd. (as referred to in Paragraph 2(g) titled “Further subscription of new Binary Shares by JYS (BVI) Ltd.” under “The First Sale” above) and assuming that no third parties take up the Third Parties Sale Shares and each of the First Sale Purchasers opts to acquire his/its pro rata share of the unsold Third Parties Sale Shares), the Company will continue to hold 59,022 Binary Shares, representing approximately 3.93 per cent of the share capital of Binary. The remaining interests will be held by: (i) JYS (BVI) Ltd. as to 66.70 per cent; (ii) Jean-Yves Sireau as to 16.57 per cent; (iii) James Mellon as to 11.04 per cent; and (iv) CINL (as the nominee for Anderson Whamond) as to 1.76 per cent.
- (d) As at the First Sale Closing (after the selective share buy-back by Binary (as referred to in Paragraph 2(f) titled “Selective share buy-back by Binary” under “The First Sale” above) and after completion of the Third Parties Sale (assuming all Third Parties Sale Shares are to be taken up by third parties) but before completion of the further subscription of new Binary Shares by JYS (BVI) Ltd. (as referred to in Paragraph 2(g) titled “Further subscription of new Binary Shares by JYS (BVI) Ltd.” under “The First Sale” above)), the Company will continue to hold 59,022 Binary Shares, representing approximately 3.63 per cent of the share capital of Binary. The remaining interests will be held by: (i) JYS (BVI) Ltd. as to 61.69 per cent; (ii) Jean-Yves Sireau as to 11.56 per cent; (iii) Euroblue Investments Limited as to 11.56 per cent; (iv) James Mellon as to 7.71 per cent; (v) CINL (as the nominee for Anderson Whamond) as to 2.46 per cent; and (vi) five independent individuals as to, in aggregate, 1.39 per cent.

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- (e) As at the First Sale Closing (after the selective share buy-back by Binary (as referred to in Paragraph 2(f) titled “Selective share buy-back by Binary” under “The First Sale” above) and assuming completion of the further subscription of new Binary Shares by JYS (BVI) Ltd. (as referred to in Paragraph 2(g) titled “Further subscription of new Binary Shares by JYS (BVI) Ltd.” under “The First Sale” above) but assuming that no third parties take up the Third Parties Sale Shares and each of the First Sale Purchasers opts to acquire his/its pro rata share of the unsold Third Parties Sale Shares), the Company will continue to hold 59,022 Binary Shares, representing approximately 2.09 per cent of the enlarged share capital of Binary. The remaining interests will be held by: (i) JYS (BVI) Ltd. as to 82.31 per cent; (ii) Jean-Yves Sireau as to 8.80 per cent; (iii) James Mellon as to 5.86 per cent; and (iv) CINL (as the nominee for Anderson Whamond) as to 0.94 per cent.
- (f) At completion of all of the First Sale, the further subscription of new Binary Shares by JYS (BVI) Ltd. (as referred to in Paragraph 2(g) titled “Further subscription of new Binary Shares by JYS (BVI) Ltd.” under “The First Sale” above) and the Third Parties Sale (assuming all Third Parties Sale Shares are to be taken up by the Third Parties Sale Purchasers), the Company will continue to hold 59,022 Binary Shares, representing approximately 2.00 per cent of the enlarged share capital of Binary. The remaining interests will be held by: (i) JYS (BVI) Ltd. as to 78.91 per cent; (ii) Jean-Yves Sireau as to 6.36 per cent; (iii) Euroblue Investments Limited as to 6.36 per cent; (iv) James Mellon as to 4.24 per cent; (v) CINL (as the nominee for Anderson Whamond) as to 1.36 per cent; and (vi) five independent individuals as to, in aggregate, 0.77 per cent.

Please also note that apart from JYS (BVI) Ltd., no parties are entitled under the First Sale Agreement to further subscribe for new Binary Shares.

While the Disposal, as discussed and negotiated with Jean-Yves Sireau (the founder and controller of Binary), does involve the Company retaining a possible 2.00 per cent interest in the enlarged share capital of Binary, going forward the Company will continue to review whether it is preferable to retain such a position or whether it should look to exit out of its investment altogether, a review that it will undertake, as it does for all investments, based on what its best for Shareholders. The Company considers that, by retaining a possible 2.00 per cent interest in the enlarged share capital of Binary, it preserves some economic upside should Binary’s business progress to bigger and better things, including a listing on a recognised stock exchange. However, the Company is not currently aware of any such business progress, nor of any short term intention of Binary to seek an immediate listing of its securities on a recognised stock exchange.

In respect of the realised gain from the First Sale and the Disposal, please note that:

- (i) In respect of the acquisition of 708,584 Binary Shares, which are the subject of the First Sale, the average price paid by the Company was approximately US\$2.004 (or approximately HK\$15.63) per Binary Share, for an aggregate cash consideration of approximately US\$1,420,008 (or approximately HK\$11,076,062).

The First Sale will provide the Company with total proceeds (before expenses) of US\$11.32 million (or approximately HK\$88.30 million), before the interest receivable in respect of the deferred consideration, and a net realised gain of approximately US\$7.75 million (or approximately HK\$60.45 million) for the period ended 30 November 2014.

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The Company expects to recognise in its income statement a gain different from that disclosed above, principally by reference to the carrying value of 708,584 Sale Shares of Binary as recorded in the Company's accounts. The difference between the two calculations arises and is mainly derived from the shared result of Binary for the period from 1 December 2014 to the date of completion.

- (ii) In respect of the acquisition of 938,978 Binary Shares, which are the subject of the First Sale and the Third Parties Sale, the average price paid by the Company was approximately US\$2.004 (or approximately HK\$15.63) per Binary Share, for an aggregate cash consideration of approximately US\$1,881,719 (or approximately HK\$14,677,408).

The Disposal (being the First Sale and the Third Parties Sale) will provide the Company with total proceeds (before expenses) of US\$15 million (or approximately HK\$117 million), before the interest receivable in respect of the deferred consideration, and a net realised gain of approximately US\$10.26 million (or approximately HK\$80.03 million) for the period ended 30 November 2014.

The Company expects to recognise in its income statement a gain different from that disclosed above, principally by reference to the carrying value of 938,978 Sale Shares of Binary as recorded in the Company's accounts. The difference between the two calculations arises and is mainly derived from: (i) the shared result of Binary for the period from 1 December 2014 to the date of completion; and (ii) the Third Parties Sale Shares may not be sold in full to third parties.

Assuming that the Third Parties Sale Closing does not take place, for whatever reason, and each of the First Sale Purchasers opts to acquire his/its pro rata share of the unsold Third Parties Sale Shares, being 230,394 Binary Shares, the financial effect of the disposal of 938,978 Binary Shares pursuant to the Disposal on the Company will be the same as that disclosed above.

Taken as a whole, the Disposal will provide the Group with an overall investment return of approximately US\$22.43 million (or approximately HK\$174.95 million) comprising sales proceeds (before expenses and excluding the interest receivable in respect of the deferred consideration) of approximately US\$15 million (or approximately HK\$117 million) of 938,978 Sale Shares disposed of by the Company pursuant to the First Sale and the Third Parties Sale and the accumulated dividends received of US\$9.31 million (or approximately HK\$72.62 million), net of investment costs of approximately US\$1.88 million (or approximately HK\$14.66 million), representing a "cash-on-cash" return of 12.92 times the Group's original cash investment, which will be an outstanding result on an overall return basis.

The Disposal (including the financial assistance (as referred to in Paragraph 10 titled "Financial assistance" below)) constitutes a major and connected transaction of the Company under Chapters 14 and 14A of the HK Listing 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 First Sale and the Third Parties Sale.

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5 BASIS OF CONSIDERATION

The consideration for the Disposal was determined on the basis of normal commercial terms and arm's length negotiations.

The consideration for the Disposal was determined by the Company, in arm's length negotiations with Jean-Yves Sireau (the founder and controller of Binary), using an implied valuation of Binary Limited of US\$50.5 million, which is arrived at based on a price-to-earnings ratio of 8.84 x Binary Limited's 2013 earnings, which amounted to US\$5.714 million for the year ended 31 December 2013, a valuation considered by the Company to be highly attractive given: (a) the original cost of its investment; (b) the size of Binary's business; (c) returns to date; and (d) the illiquidity and minority nature of its shareholding.

Based on Binary's shareholding in Binary Limited of 93.35 per cent, Binary (whose sole activity is holding shares of Binary Limited) is therefore valued at approximately US\$47.14 million or an implied value per Binary Share of US\$15.974. In determining the consideration for the Disposal and the implied value of each Binary Share, the Company has taken into account the additional 1,326,667 Binary Shares that JYS (BVI) Ltd. will become entitled to subscribe for as a result of the First Sale, further details of which are disclosed in Paragraph 2(g) titled "Further subscription of new Binary Shares by JYS (BVI) Ltd." under "The First Sale" above. As further disclosed in Paragraph 3 titled "The Third Parties Sale" above, this further subscription right is at a lower subscription price per Binary Share when compared to the consideration that the First Sale Purchasers have agreed to pay under the First Sale Agreement and what the Third Parties Sale Purchasers have agreed to pay under the Third Parties Sale Agreement and is purely a function of an existing right under the Shareholders' Agreement, a right that was afforded to JYS (BVI) Ltd. (being the nominee entity of the founder of Binary, Jean-Yves Sireau) as an incentive and ultimately a reward for growing the value of Binary, something that has plainly been beneficial to Binary's shareholders, including the Company. While the further subscription right of JYS (BVI) Ltd. is just that, a right and not an obligation, in light of the incentive-based nature of the subscription economics (being the lower per Binary Share subscription price), the Company fully expects that the subscription will be made, in full, when JYS (BVI) Ltd. is first legally permitted to do so. In support of this expectation, JYS (BVI) Ltd. has, not surprisingly, indicated its intention to do the same. Accordingly, the Company considers that it is only appropriate to factor in such subscription when it determined the consideration or implied value per Binary Share. For reference, the implied value per existing Binary Shares (before considering the effect from the Disposal and the further subscription of 1,326,667 new Binary Shares by JYS (BVI) Ltd.) is US\$23.57.

The Company believes that using a price-to-earnings valuation methodology is normal and standard valuation methodology and, more importantly, entirely appropriate when valuing an online business such as Binary. The Company did consider using a discounted cash-flow model, but such a model necessitates a long term projection of Binary's cash-flow, which, in turn, will depend upon a host of assumptions. Given the continuously changing nature and regulatory environment of the online betting industry in general, adopting a discounted cash-flow model approach was considered too unreliable and one that may prove arbitrary. The Company therefore believes that a price-to-earnings valuation model is normal valuation practice and provided an arm's length valuation on normal commercial terms.

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The Directors consider the Disposal (including the financial assistance (as referred to in Paragraph 10 titled “Financial assistance” below)) to be on normal commercial terms and in the ordinary and usual course of business of the Company. They believe that the terms of the Disposal are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

In respect of the Company’s interest in Binary (being 46.95 per cent disposed of):

- the Company’s attributable share of Binary’s: (i) net profit for the financial year ended 31 December 2013 from continued operations is US\$2.69 million (or approximately HK\$20.98 million); and (ii) net profit for the financial year ended 31 December 2012 from continued operations is US\$1.48 million (or approximately HK\$11.54 million), before taxation; and
- the Company’s attributable share of Binary’s: (i) net profit for the financial year ended 31 December 2013 from continued operations is US\$2.68 million (or approximately HK\$20.90 million); and (ii) net profit for the financial year ended 31 December 2012 from continued operations is US\$1.48 million (or approximately HK\$11.54 million), after taxation.

The net asset value of Binary was US\$10.89 million (or approximately HK\$84.94 million) as at 30 November 2014, as reported in Binary’s latest unaudited financial statements ended 30 November 2014.

The excess of the consideration of the Disposal (being US\$15 million (or approximately HK\$117 million)), before the interest receivable in respect of the deferred consideration, over the net book value of the Sale Shares (being US\$4.74 million (or approximately HK\$36.97 million)) as at 30 November 2014 would be approximately US\$10.26 million (or approximately HK\$80.03 million).

6 USE OF PROCEEDS

It is the intention of the Company, consistent with its stated business strategy, to use the proceeds of the Disposal, together with the existing cash and liquid cash reserves of the Group, to continue to pursue opportunistic, strategic and value-led investments in the healthcare and life sciences sectors, in order to enhance Shareholders’ value. In this respect, the Directors are continuously seeking ways to maximise shareholder value, including, without limitation, through making further investments and acquisitions, optimising the Group’s capital structure and enhancing the efficiency of the Group’s structure. While the Company has not yet identified or reached agreement with any one or more target investee companies that the Company will definitively invest into, the Company is pleased to report that, as a result of its extensive review of possible investment opportunities in the healthcare and life sciences sectors, it is continually narrowing its focus and shortening the list of suitable possible investments. Shareholders will be informed at the appropriate time in the event that the Directors have decided to pursue any such transaction.

As a Hong Kong listed company, the Company aims to serve as a platform for growth and a cultivator of high quality, accretive assets across Asia-Pacific and elsewhere.

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7 REASONS FOR THE DISPOSAL

The Company has held its investment in Binary since 1999 and has enjoyed strong returns throughout where it has received US\$9.31 million (or approximately HK\$72.62 million) in cash dividends from its investment. Binary options, the focus of Binary, is not and has not been a core investment focus of the Group to date and when an opportunity arose to monetize most of its investment at highly attractive returns, the Directors considered this opportunity to be something not to be ignored and was prudent in light of the other investment focus and strategies of the Group.

As noted from the Company's interim report for the six months ended 30 June 2014, the Company continued to believe that there was hidden value within Binary, where on a successful sale of Binary, significant value could be "unlocked". And the Company believes that by achieving an implied valuation of the underlying business (Binary Limited, a 93.35 per cent owned subsidiary of Binary) of US\$50.50 million based on price earnings ratio of 8.84 x Binary Limited's 2013 earnings for the sale of its stake in Binary, the Company has delivered on its ability to unlock hidden value pursuant to its stated divestment program.

By way of clarification, the Company would like to inform Shareholders that Binary's profit for the year ended 31 December 2013 was US\$5.71 million, which was slightly different from US\$5.69 million as reported in the Group's 2013 Annual Report.

The carrying value of the Company's investment in Binary in the Company's balance sheet as at 30 June 2014 was US\$6.15 million. The Disposal will provide the Company with total proceeds (before expenses) of US\$15 million (or approximately HK\$117 million), before the interest receivable in respect of the deferred consideration.

In respect of the realised gain from the First Sale and the Disposal, please note that:

- (a) The disposal of 708,584 Binary Shares in respect of the First Sale will generate a total net realised gain of approximately US\$7.75 million (or approximately HK\$60.45 million) for the period ended 30 November 2014.

Taken as a whole, the First Sale will provide the Group with an overall investment return of approximately US\$16.93 million (or approximately HK\$132.05 million) comprising sales proceeds (before expenses and excluding the interest receivable in respect of the deferred consideration) of approximately US\$11.32 million (or approximately HK\$88.30 million) of 708,584 Sale Shares disposed of by the Company pursuant to the First Sale and the accumulated dividends received of US\$7.03 million (or approximately HK\$54.83 million), net of investment costs of approximately US\$1.42 million (or approximately HK\$11.08 million), representing a "cash-on-cash" return of 12.92 times the Group's original cash investment, which will be an outstanding result on an overall return basis.

- (b) The Disposal (being the First Sale and the Third Parties Sale) of 938,978 Binary Shares will generate a total net realised gain of approximately US\$10.26 million (or approximately HK\$80.03 million) for the period ended 30 November 2014.

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Taken as a whole, the Disposal will provide the Group with an overall investment return of approximately US\$22.43 million (or approximately HK\$174.95 million) comprising sales proceeds (before expenses and excluding the interest receivable in respect of the deferred consideration) of approximately US\$15 million (or approximately HK\$117 million) of 938,978 Sale Shares disposed of by the Company pursuant to the First Sale and the Third Parties Sale and the accumulated dividends received of US\$9.31 million (or approximately HK\$72.62 million), net of investment costs of approximately US\$1.88 million (or approximately HK\$14.66 million), representing a “cash-on-cash” return of 12.92 times the Group’s original cash investment, which will be an outstanding result on an overall return basis.

Assuming that the Third Parties Sale Closing does not take place and each of the First Sale Purchasers opts to acquire his/its pro rata share of the unsold Third Parties Sale Shares, being 230,394 Binary Shares, the financial effect of the disposal of 938,978 Binary Shares pursuant to the Disposal on the Company will be the same as that disclosed above.

Consequently, the contemplated Disposal, together with the cash dividends, represents a highly attractive return to the Company, a tremendous result achieved over its investment life.

The Directors (including the Independent Non-Executive Directors) are of the view that the Disposal represents an excellent opportunity to increase Company’s cash position thereby allowing the Company to take advantage of any investment opportunities should they arise. The Directors (including the independent non-executive Directors) are also of the view that the Disposal (including the financial assistance (as referred to in Paragraph 10 titled “Financial assistance” below)) to be on normal commercial terms and in the ordinary and usual course of business of the Company. They believe that the terms of the Disposal are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

8 FINANCIAL EFFECTS OF THE DISPOSAL ON THE GROUP

Scenario I - for the First Sale alone

(a) Assets and liabilities

Based on the consideration that the Company expects to receive pursuant to the First Sale, it is estimated that upon completion of the First Sale, the consolidated total assets of the Group will be increased by approximately US\$7.75 million (or approximately HK\$60.45 million) and there is no financial effect on the Group’s total liabilities.

(b) Earnings

The First Sale will generate a total net realised gain of approximately US\$7.75 million (or approximately HK\$60.45 million) for the period ended 30 November 2014, comprising sales proceeds (before expenses and excluding the interest receivable in respect of the deferred

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consideration) of approximately US\$11.32 million (or approximately HK\$88.30 million) of 708,584 Sale Shares disposed of by the Company pursuant to the First Sale only, net of carrying value as at 30 November 2014 of approximately US\$3.57 million (or approximately HK\$27.85 million).

The actual gain arising from the First Sale may be different from the estimated US\$7.75 million (or approximately HK\$60.45 million) and will be subject to usual external audit for the year ending 31 December 2015 and be determined based on the corresponding carrying value of Binary as at the date of completion of the First Sale and the amount of expenses directly related to the First Sale.

Scenario II - for the First Sale and the Third Parties Sale (together, the Disposal)

(a) Assets and liabilities

Based on the consideration that the Company expects to receive pursuant to the Disposal, it is estimated that upon completion of the Disposal, the consolidated total assets of the Group will be increased by approximately US\$10.26 million (or approximately HK\$80.03 million) and there is no financial effect on the Group's total liabilities.

(b) Earnings

The Disposal will generate a total net realised gain of approximately US\$10.26 million (or approximately HK\$80.03 million) for the period ended 30 November 2014, comprising sales proceeds (before expenses and excluding the interest receivable in respect of the deferred consideration) of approximately US\$15 million (or approximately HK\$117 million) of 938,978 Sale Shares disposed of by the Company pursuant to the First Sale and the Third Parties Sale, net of carrying value as at 30 November 2014 of approximately US\$4.74 million (or approximately HK\$36.97 million).

The actual gain arising from the Disposal may be different from the estimated US\$10.26 million (or approximately HK\$80.03 million) and will be subject to usual external audit for the year ending 31 December 2015 and be determined based on the corresponding carrying value of Binary as at the respective dates of completion of the First Sale and Third Parties Sale and the amount of expenses directly related to the Disposal.

Scenario III - for the First Sale and, failing the Third Parties Sale, the First Sale Purchasers exercising, in full, their pro rata rights to acquire all Third Parties Sale Shares

The financial effects on assets, liabilities and earnings of the Group will be the same as that disclosed in Scenario II above.

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9 MAJOR AND CONNECTED TRANSACTION

In view of the fact that the aggregate amount of cash consideration to be received by the Company in respect of: (i) the Disposal, being US\$15 million (before interest) (or approximately HK\$117 million); or (ii) the First Sale only, being US\$11,319,498.46 (before interest) (or approximately HK\$88,292,087.99) exceeds 25 per cent, but is less than 75 per cent, of the Company's market capitalisation, either the Disposal (in its entirety) or simply the First Sale will constitute a major transaction of the Company and is therefore subject to announcement, reporting and shareholders' approval requirements under Chapter 14 of the HK Listing Rules.

In view of the fact that the aggregate amount of cash consideration to be received by the Company in respect of the Third Parties Sale, being US\$3,680,501.57 (before interest) (or approximately HK\$28,707,912.25) exceeds 5 per cent, but is less than 25 per cent, of the Company's market capitalisation, the Third Parties Sale alone will constitute a discloseable transaction of the Company under Chapter 14 of the HK Listing Rules.

Given that James Mellon (Non-Executive Co-Chairman of the Company currently holding, by himself and his associates, 15.23 per cent of the total issued share capital of the Company) and Anderson Whamond (formerly a Non-Executive Director of the Company during the period from January 1999 to February 2008 and currently a director of Interman Limited, a wholly owned subsidiary of the Company, holding, by himself and his associates, 0.40 per cent of the total issued share capital of the Company), both purchasers (either legally or beneficially) named in either or both of the First Sale Agreement and Third Parties Sale Agreement, as applicable, are connected persons of the Group, the Disposal, together with any purchase by them of any shortfall in the Third Parties Sale Shares not otherwise disposed of under the Third Parties Sale Agreement, will also constitute connected transactions of the Company under Chapter 14A of the HK Listing Rules and are therefore subject to reporting, announcement and independent shareholders' approval requirements under Chapter 14A of the HK Listing Rules.

Save for the above, to the best of the Directors' knowledge, information and belief and having made all reasonable enquiries, each counterparty to the First Sale and the Third Parties Sale and 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.

As noted above, the completion of the Disposal is conditional upon, *inter alia*, the passing of an ordinary resolution or resolutions by the Independent Shareholders approving such transaction(s) pursuant to the HK Listing Rules at the Extraordinary General Meeting.

LETTER FROM THE BOARD

10 FINANCIAL ASSISTANCE

The deferred consideration payable in respect of the First Sale (as referred to in Paragraph 2(d)(ii) titled “Consideration” under “The First Sale” above) and the Third Parties Sale (as referred to in Paragraph 3(d)(ii) titled “Consideration” under “The Third Parties Sale” above), attracting daily interest at the rate of 8 per cent per annum until maturity (being 18 months from the date of the relevant closing) would, in the cases of James Mellon and Anderson Whamond, constitute financial assistance under Chapter 14A of the HK Listing Rules and would, in other cases, constitute financial assistance to other purchasers under Chapter 14 of the HK Listing Rules.

As a reference point, the Company should like to inform Shareholders that both the interest rate of the Group’s cash deposit in the banks and the dividend yield of the Group’s financial assets at fair value through profit or loss and available-for-sale financial assets are negligible and nearly zero.

11 INDEPENDENT BOARD COMMITTEE AND INDEPENDENT FINANCIAL ADVISER

The Independent Board Committee has been established by the Company, comprising the Company’s three Independent Non-Executive Directors, namely David Comba, Julie Oates and Mark Searle, to advise the Independent Shareholders on the Disposal.

Altus Capital Limited has been appointed by the Company as its Independent Financial Adviser to advise the Independent Board Committee on the Disposal (in its entirety and including the financial assistance (as referred to in Paragraph 10 titled “Financial assistance” above)).

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.

12 TIMETABLE

| | |
|-----------------|----------------------------------------------------------------------------------------------------------------------------------------|
| 16 January 2015 | Publication of the major and connected transaction announcement setting out the details of the First Sale (being part of the Disposal) |
| 4 March 2015 | Announcement of the Third Parties Sale (being part of the Disposal) |
| 16 March 2015 | Despatch of this circular |
| 2 April 2015 | Extraordinary General Meeting |

This timetable is indicative only and is subject to change due to various factors, including regulatory approvals. The Company will notify Shareholders of any material change to the expected timetable if and when appropriate.

LETTER FROM THE BOARD

13 PRINCIPAL BUSINESS ACTIVITIES OF BINARY

The Company currently has a 49.90 per cent interest in Binary that offers binary options via its flagship website www.binary.com.

Fully licensed and regulated, the Binary.com service (formerly known as BetOnMarkets.com) has been providing financial trading to a worldwide audience of over 500,000 registered clients since 1999.

More information on Binary is available on Binary's website: www.binary.com.

14 BACKGROUND ON JYS (BVI) LTD.

JYS (BVI) Ltd. is a limited liability company incorporated in the British Virgin Islands and wholly owned by Jean-Yves Sireau (a French national), who holds approximately 0.027 per cent in the total issued share capital of the Company. JYS (BVI) Ltd.'s sole activity is to hold shares in Binary.

15 BACKGROUND ON ANDERSON WHAMOND

Anderson Whamond (a national of the Isle of Man) was formerly a Non-Executive Director of the Company during the period from January 1999 to February 2008 and a director of certain subsidiaries of the Group some time during the same period, and is currently a director of Interman Limited, a wholly owned subsidiary of the Company, holding, by himself and his associates, 0.40 per cent of the total issued share capital of the Company.

16 PRINCIPAL BUSINESS ACTIVITIES OF EUROBLUE INVESTMENTS LIMITED

Euroblue Investments Limited is a limited liability company incorporated in Cyprus and registered in Malta. The company is wholly owned by Nigel Wray, a British national. Euroblue Investments Limited is an investment company holding a variety of investments worldwide.

17 PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY

The Company is a limited liability company incorporated under the laws of the Cayman Islands whose Shares are listed on the HK Stock Exchange and are also traded on the OTC market (Freiverkehr) of the Frankfurt Stock Exchange. The Company is a diversified investment group holding various corporate and strategic investments across the natural resources sector (including both mining and oil and gas), as well as in the healthcare and life science sectors, its current core focus.

18 GENERAL

As completion of the Disposal is subject to a number of conditions, including approval from the Independent Shareholders, the disposal of the Sale Shares (in all or in part) may or may not proceed. Shareholders and potential investors should therefore exercise caution when dealing in the Shares.

LETTER FROM THE BOARD

19 EXTRAORDINARY GENERAL MEETING

The Extraordinary General Meeting is convened by the Company for the Shareholders to consider and, if thought fit, approve the Disposal (in its entirety and including the financial assistance (as referred to in Paragraph 10 titled “Financial assistance” above)).

As noted above, given their interests held in the Disposal, James Mellon, Anderson Whamond and Jean-Yves Sireau (and their respective associates) will be required to abstain from voting in respect of the proposed resolutions at the Extraordinary General Meeting.

Save for the above, to the best of the Directors’ knowledge, information and belief and having made all reasonable enquiries, each counterparty to the First Sale and the Third Parties Sale and 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 resolutions.

The EGM Notice is set out in Pages 70 to 73 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 Tuesday, 31 March 2015. 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 HK Listing 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 HK Listing Rules, the chairman of the Extraordinary General Meeting will demand a poll on all resolutions proposed at the meeting.

20 DIRECTORS’ RECOMMENDATION

The Directors consider that the Disposal 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 resolutions proposed at the Extraordinary General Meeting.

LETTER FROM THE BOARD

All Directors of the Company (except James Mellon who, and his associates, will be required to abstain from voting in respect of the proposed resolutions 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 resolutions to be put to Shareholders in relation to the Disposal.

21 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

LETTER FROM THE INDEPENDENT BOARD COMMITTEE



REGENT PACIFIC GROUP LIMITED

(Incorporated in the Cayman Islands with limited liability)

(Stock code: 0575)

16 March 2015

To the Independent Shareholders

Dear Sir or Madam

**MAJOR AND CONNECTED TRANSACTION:
DISPOSAL OF SHARES IN
BINARY HOLDINGS LTD.
(FORMERLY KNOWN
AS “REGENT MARKETS HOLDINGS LTD.”),
A 49.90 PER CENT OWNED ASSOCIATED COMPANY**

We refer to the circular issued by the Company on 16 March 2015 (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 Disposal (in its entirety and including the financial assistance (as referred to in Paragraph 10 titled “Financial assistance” in the “Letter from the Board” of the Circular)), details of which are set out in the “Letter from the Board” in Pages 6 to 29 of the Circular, are fair and reasonable so far as the Company and the Independent Shareholders are concerned; (ii) whether the Disposal (in its entirety and including the financial assistance (as referred to in Paragraph 10 titled “Financial assistance” in the “Letter from the Board” of the Circular)) is on normal commercial terms and in the ordinary and usual course of business of the Group; and (iii) whether the Disposal (in its entirety and including the financial assistance (as referred to in Paragraph 10 titled “Financial assistance” in the “Letter from the Board” of the Circular)) is in the interests of the Company and the Shareholders as a whole, and how to vote on the Disposal (in its entirety and including the financial assistance (as referred to in Paragraph 10 titled “Financial assistance” in the “Letter from the Board” of the Circular)). Altus Capital Limited has been appointed as the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders in relation to the Disposal (in its entirety and including the financial assistance (as referred to in Paragraph 10 titled “Financial assistance” in the “Letter from the Board” of the Circular)).

LETTER FROM THE INDEPENDENT BOARD COMMITTEE

Having taken into account the terms and conditions of the Disposal and taken into account the recommendation and advice from the Independent Financial Adviser in relation thereto as set out in Pages 32 to 54 of the Circular, we are of the view that:

- the terms and conditions of the Disposal (in its entirety and including the financial assistance (as referred to in Paragraph 10 titled “Financial assistance” in the “Letter from the Board” of the Circular)) are fair and reasonable so far as the Company and the Independent Shareholders are concerned;
- the Disposal (in its entirety and including the financial assistance (as referred to in Paragraph 10 titled “Financial assistance” in the “Letter from the Board” of the Circular)) is on normal commercial terms and in the ordinary and usual course of business of the Group; and
- the Disposal (in its entirety and including the financial assistance (as referred to in Paragraph 10 titled “Financial assistance” in the “Letter from the Board” of the Circular)) 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 resolutions approving the First Sale and the Third Parties Sale respectively.

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

Independent Board Committee
(comprising David Comba,
Julie Oates
and Mark Searle)

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

The following is the text of a letter of advice dated 16 March 2015 from Altus Capital Limited to the Independent Board Committee and the Independent Shareholders in respect of the major and connected transaction which has been prepared for the purpose of incorporation in this circular.

ALTUS CAPITAL LIMITED

21 Wing Wo Street
Central, Hong Kong

16 March 2015

*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,

**MAJOR AND CONNECTED TRANSACTION:
DISPOSAL OF THE SHARES IN BINARY HOLDINGS LTD.
(FORMERLY KNOWN AS "REGENT MARKETS HOLDINGS LTD."),
A 49.90 PER CENT OWNED ASSOCIATED COMPANY**

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 Disposal of 938,978 Binary Shares. Details of the Disposal are set out in the "Letter from the Board" contained in the circular of the Company dated 16 March 2015 (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.

As part of the Disposal, on 16 January 2015 (after trading hours), the Company and the First Sale Purchasers entered into the First Sale Agreement pursuant to which the Company has conditionally agreed to sell and the First Sale Purchasers have conditionally agreed to purchase an aggregate of 708,584 Binary Shares at an aggregate cash consideration of approximately US\$11.3 million (approximately HK\$88.3 million), before interest, i.e. US\$15.9748152 per Binary Share.

Separate from and in addition to the First Sale, as part of the Disposal, on 4 March 2015, the Company and the Third Parties Sale Purchasers entered into Third Parties Sale Agreement pursuant to

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

which the Company has conditionally agreed to sell and the Third Parties Sale Purchasers have conditionally agreed to purchase an aggregate of a further 230,394 Binary Shares for an aggregate cash consideration of approximately US\$3.7 million (approximately HK\$28.7 million), before interest, i.e. US\$15.9748152 per Binary Share, conditional upon the First Sale Closing.

In the event that the Third Parties Sale Shares are unable to be sold in full to the third parties on or prior to the First Sale Long Stop Date, each of the First Sale Purchasers, including Mr. James Mellon and CINL (being the nominee for a pension fund of which Mr. Anderson Whamond is the sole beneficiary, and thus an associate of Mr. Anderson Whamond), may opt to purchase such Third Parties Sale Shares on a pro-rata basis at same consideration per Binary Share payable for the First Sale Share. If a balance of unsold Third Parties Sale Shares remains thereafter, such unsold Third Parties Sale Shares shall remain held (legally and beneficially) by and in the possession of the Company.

Because the applicable ratios in respect of the Disposal, or the First Sale only, exceeds 25% but is less than 75%, either the Disposal (in its entirety) or the First Sale alone will constitute a major transaction of the Company and is therefore subject to announcement, reporting and shareholders' approval under Chapter 14 of the HK Listing Rules. The applicable ratios in respect of the Third Parties Sale alone does not exceeds 25%. As such, the Third Parties Sale alone constitutes a discloseable transaction of the Company and the relevant announcement has been published on 4 March 2015.

As at 16 January 2015, the date of the First Sale Agreement, (i) Mr. James Mellon, a non-executive Director and co-Chairman of the Company currently holding, by himself and his associates, 15.23% of the total issued share capital of the Company is one of the First Sale Purchasers named in the First Sale Agreement; and (ii) Mr. Anderson Whamond, a director of the Company's subsidiary, holding, by himself and his associates, 0.40% of the total issued share capital of the Company, is the sole beneficiary of the pension fund of which CINL is a nominee, which is one of the First Sale Purchasers named in the First Sale Agreement as well as one of the Third Parties Sale Purchasers under the Third Parties Sale Agreement. Accordingly, Mr. James Mellon and Mr. Anderson Whamond are connected persons of the Company under the HK Listing Rules. The First Sale and the Third Parties Sale. Therefore also constitute connected transactions of the Company under Chapter 14A of the HK Listing Rules, and are therefore subject to the requirements of reporting, announcement and the Independent Shareholders' approval at the Extraordinary General Meeting by way of poll.

The deferred consideration payable by Mr. James Mellon and CINL (as the nominee for Mr. Anderson Whamond) in respect of the First Sale, and Third Parties Sale (should Mr. James Mellon and/or CINL (as the nominee for Mr. Anderson Whamond) opt to purchase any shortfall in the Third Parties Sale Shares not otherwise disposed of) would attract daily interest at the rate of 8% per annum until maturity (being 18 months from the date of the respective closing), and both instances would therefore also constitute financial assistance under Chapter 14A of the HK Listing Rules, and are subject to the requirements of reporting, announcement and the Independent Shareholders' approval at the Extraordinary General Meeting by way of poll.

Mr. James Mellon, Mr. Anderson Whamond, Mr. Jean-Yves Sireau, and their associates shall abstain from voting in respect of the resolutions to approve the Disposal, the financial assistance resulting from the deferred consideration for the Disposal, and the transactions contemplated thereunder at the Extraordinary General Meeting.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

THE INDEPENDENT BOARD COMMITTEE

The Independent Board Committee comprising all the independent non-executive Directors, namely Mr. David Comba, Ms. Julie Oates and Mr. Mark Searle, has been established to advise the Independent Shareholders as to (i) whether the terms and conditions of the Disposal, details of which are set out in the “Letter from the Board” in pages 6 to 29 of the Circular, are fair and reasonable so far as the Company and the Independent Shareholders are concerned; (ii) whether the Disposal (in its entirety and including financial assistance resulting from the respective deferred consideration) is on normal commercial terms and in the ordinary and usual course of business of the Group; and (iii) whether the Disposal (in its entirety and including financial assistance resulting from the respective deferred consideration) is in the interests of the Company and the Shareholders as a whole; and (iv) how to vote on the Disposal.

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 terms and conditions of the Disposal (in its entirety and including the financial assistance resulting from the respective deferred consideration), are fair and reasonable so far as the Independent Shareholders are concerned; and (ii) whether the Disposal (in its entirety and including financial assistance resulting from the respective deferred consideration) is on normal commercial terms and in the ordinary and usual course of business and in the interests of the Company and the Shareholders as a whole; and (iii) our recommendation as to how the Independent Shareholders should vote in respect of the ordinary resolutions to be proposed at the Extraordinary General Meeting to approve the Disposal (in its entirety, and including the financial assistance resulting from the respective deferred consideration).

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 Group. 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 are 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 to be 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 of the Group 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.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

PRINCIPAL FACTORS AND REASONS CONSIDERED

In formulating our recommendation, we have taken into consideration the principal factors and reasons as set out below.

1. Background of the Group

1.1 *Principal activities*

The Company is a limited liability company incorporated under the laws of the Cayman Islands whose Shares are listed on the HK Stock Exchange and are also traded on the OTC market (Freiverkehr) of the Frankfurt Stock Exchange. The Company is a diversified investment group holding various corporate and strategic investments across the natural resources sector (including both mining and oil and gas), as well as in the healthcare and life science sectors, its current core focus. The Group positions itself as a dynamic and opportunistic investor with a focus on growing long term value.

Binary primarily engaged in the provision of fixed-odds financial betting (details are set out in paragraph 2 below), and is therefore not within the scope of core investments of the Group.

1.2 *Past financial performance*

The following table sets out the audited consolidated financial information of the Group for the year ended 31 December 2012 and 2013 as extracted from the annual report for the year ended 31 December 2013 (“**2013 Annual Report**”) and the unaudited consolidated financial information of the Group for the six months ended 30 June 2013 and 2014 as extracted from the interim report for the six months ended 30 June 2014 (“**2014 Interim Report**”):

| | For the year ended 31 December | | For the six months ended 30 June | |
|------------------------------------------|---------------------------------------|---------------------------------------|-----------------------------------------|-----------------------------------------|
| | 2012 <i>(Audited)</i> US\$ '000 | 2013 <i>(Audited)</i> US\$ '000 | 2013 <i>(Unaudited)</i> US\$ '000 | 2014 <i>(Unaudited)</i> US\$ '000 |
| Revenue | 6,042 | 2,730 | 3,123 | 130 |
| Fair value loss on financial instruments | (6,927) | (18,754) | (27,097) | (408) |
| Operating expense | (20,010) | (13,906) | (10,236) | (3,448) |
| Impairment loss | (16,024) | (1,710) | — | — |
| Gain from bargain purchase of associate | — | — | — | 19,375 |
| Gain on disposal | 3,418 | — | — | — |
| Share of results of associates | (1,430) | (420) | 1,639 | (2,974) |
| Loss before tax | (34,931) | (32,060) | (32,571) | 12,675 |
| Taxation | (10,093) | 6,334 | 5,605 | — |
| Profit/(Loss) for the year/period | (45,024) | (25,726) | (26,966) | 12,675 |

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

| | As at 31 December | | As at 30 June |
|-------------------------------------------------------|-------------------|------------------|--------------------|
| | 2012 | 2013 | 2014 |
| | <i>(Audited)</i> | <i>(Audited)</i> | <i>(Unaudited)</i> |
| | <i>US\$'000</i> | <i>US\$'000</i> | <i>US\$'000</i> |
| Investment in associates | 11,774 | 9,134 | 37,895 |
| Available-for-sale financial assets | 5,279 | 2,334 | 2,199 |
| Cash and bank balances | 11,447 | 9,055 | 6,511 |
| Financial assets at fair value through profit or loss | 119,058 | 37,814 | 25,731 |
| Total assets | 151,864 | 62,639 | 74,642 |
| Net assets | 141,293 | 58,897 | 71,104 |

Source: 2013 Annual Report and 2014 Interim Report

The following gives a brief summary of the financial performance of the Group for the year ended 31 December 2013 and the six months ended 30 June 2014.

1.2.1 Overall performance

For the year ended 31 December 2013

For the year ended 31 December 2013, revenue decreased by approximately 54.7% from the previous financial year mainly due to the fact that dividends received by the Group from its investments was only US\$0.3 million (approximately HK\$2.3 million) as compared to dividends of US\$5.5 million (approximately HK\$42.9 million) received during the year ended 31 December 2012. The Group recorded a loss after taxation of approximately US\$25.7 million (approximately HK\$200.7 million), representing a decrease of approximately 42.9% as compared with the loss of approximately US\$45.0 million (approximately HK\$375.3 million) incurred in the previous year. Such decrease is mainly attributable to the lower operating expense and the impairment loss, which outweighed the greater amount of the fair value loss on financial instruments; as well as the reversal of a provision for capital gain tax.

As at 31 December 2013, the Group recorded cash and bank balances of approximately US\$9.1 million (approximately HK\$70.6 million). The net asset value of the Group decreased from approximately US\$141.3 million (approximately HK\$1,102.1 million) as at 31 December 2012 to approximately US\$58.9 million (approximately HK\$459.4 million) as at 31 December 2013. Such decrease is mainly attributable to the disposal and decrease in fair value of financial assets at fair value through profit or loss, and the distribution of special dividend of an aggregate of approximately US\$58.4 million to Shareholders.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

For the six months ended 30 June 2014

The Group's revenue for the six months ended 30 June 2014 decreased by approximately 95.8% to approximately US\$130,000 (approximately HK\$1.0 million) as compared to approximately US\$3.1 million (approximately HK\$24.4 million) for the same period of 2013 mainly due to the fact that the exchange gain recorded by the Group was only US\$19,000 (approximately HK\$148,000) as compared to the exchange gain of US\$3.0 million (approximately HK\$23.4 million) recorded during the period ended 30 June 2013. The Group recorded a profit of approximately US\$12.7 million (approximately HK\$98.9 million) for the six months ended 30 June 2014 as compared with a loss of approximately US\$27.0 million (approximately HK\$210.3 million) in the previous corresponding period. Such increase is mainly attributable to the gain from the bargain purchase of an associate, the smaller amount of fair value loss on financial instruments, the decrease in operating expense, and the share of results from associates' returning to positive.

As at 30 June 2014, the Group reported cash and bank balances of approximately US\$6.5 million (approximately HK\$50.8 million). The Group's net asset value increased from approximately US\$58.9 million (approximately HK\$459.4 million) as at 31 December 2013 to approximately US\$71.1 million (approximately HK\$554.6 million) as at 30 June 2014, as a result of the increase in value recorded during the reclassification of a financial asset to investment in an associate following the Group's appointment of a director to this associate; augmented by an increase in investment in an associate with gain on bargain purchase.

1.3 *Outlook and business strategy*

As described in the 2014 Interim Report, in the challenging market and economic conditions, opportunities are presenting themselves as valuations are becoming attractive. The Group would pursue acquisitions with the Group's strong financial position. The Group would also continue to closely monitor the markets in which the Group's significant investments in listed securities of companies engaged in the mining sector, 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.

The Group intends to divest of non-core assets and investments to enable the Company to pursue growth opportunities, now squarely focused on opportunistic investments in the healthcare and life sciences sectors and leverage off expert international and local teams to tackle difficult markets.

1.4 *Section conclusion*

Taking into account that (i) corporate investment is one of the Group's principal activities, and Binary being one of such investments and (ii) it is the Group's stated plan to divest Binary as disclosed in the 2013 Annual Report and 2014 Interim Report, we believe that the Disposal is in the ordinary and usual course of its business. It is also consistent with the Group's strategy of acting as an opportunistic investor to maximise value for the Shareholders.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

2. Information on Binary and its subsidiaries

Binary (previously known as “Regent Markets Holdings Limited”) is an associate owned as to 49.9% by the Company. It is primarily engaged in the provision of fixed-odds financial betting via its flagship website www.binary.com, with particular emphasis on the trading of binary options. The Company has held its investment in Binary since 1999 which was acquired in two equal tranches in November 1999 and February 2000 for an aggregate amount of cash consideration of US\$2.0 million (or approximately HK\$15.6 million) for capital gain or cash dividend income. At the time of the Company’s investment in Binary, like many investment companies, the Company was considering numerous investments in the technology or internet related sector, a time which coincided with the so called ‘dot com’ boom. Binary was one such investment. Since the initial investment, the Group has enjoyed strong returns throughout where it has received approximately US\$9.3 million (approximately HK\$72.6 million) cash dividends from its investment. We however noted that Binary is not and has not been a core investment focus of the Group to date.

As stated in the 2013 Annual Report and 2014 Interim Report, for the two years ended 31 December 2013 and 2012 and based on our discussion with the management of the Group, Binary’s subsidiary, Binary Limited, recorded a turnover of approximately US\$462.7 million and US\$201.5 million, respectively, representing a year-on-year increase of approximately 129.7%. Binary Limited recorded a net profit of approximately US\$5.714 million, representing an increase of approximately 73.7% as compared with the net profit US\$3.29 million for the year ended 31 December 2012. During the period ended 30 June 2014, Binary Limited recorded a turnover of approximately US\$194.0 million compared with a turnover of US\$227.2 million for the same period in 2013, representing a decrease of approximately 14.6%. For the six months ended 30 June 2014 and 2013, Binary Limited recorded a net profit of US\$2.7 million and US\$3.0 million, respectively. It is observed that the revenue and profitability of Binary Limited from beginning of 2013 up to mid 2014 has remained largely stable.

3. The Disposal

3.1 *Asset to be disposed of*

As part of the Disposal, the Company has entered into the First Sale Agreement, pursuant to which the Company has agreed to sell, and the First Sale Purchasers have agreed to purchase, an aggregate of 708,584 Binary Shares. As stipulated in the First Sale Agreement, separate to and in addition to the First Sale and as part of the Disposal, the Company has entered into the Third Parties Sale Agreement pursuant to which the Company has agreed to sell, and the Third Parties Sale Purchasers have agreed to purchase, an aggregate of a further 230,394 Binary Shares on exactly the same terms in respect of price and otherwise on substantially similar terms and conditions as set out in the First Sale Agreement. In the event that the Third Parties Sale Shares are not sold in full to the third parties, the First Sale Purchasers may opt to take up the remaining Binary Shares on a pro-rata basis. Thereafter, should any Third Parties Sale Shares be unsold they shall remain held (legally and beneficially) by and in the possession of the Company.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

In light of the Company's execution of the First Sale Agreement and the Third Parties Sale Agreement, the parties to the First Sale Agreement and Third Parties Sale Agreement have acknowledged and agreed therein (where applicable) that there will / may be a: (1) further subscription of Binary Shares by JYS (BVI) Ltd; and (2) First Sale Purchasers' pro rata right to acquire the Third Parties Sale Shares not otherwise disposed of to third parties, and the fact that:

- (i) it is the Company's present intention to divest a substantial portion of its investment in Binary via the First Sale and the Third Parties Sale, and the Company presents the First Sale and the Third Parties Sale as a whole for the Shareholders to consider,
- (ii) the Company and the Third Parties Sale Purchasers have already entered into the Third Parties Sale Agreement, and CINL (as the nominee for Mr. Anderson Whamond) participated in both the First Sale and the Third Parties Sale, the effect of which should be aggregated under Chapter 14A of the Listing Rules, and
- (iii) should the Third Parties Sale Agreement not be completed in any event, the Third Parties Sale may result in connected transactions under the pro rata arrangement as stipulated in the First Sale Agreement,

we consider it is reasonable that the First Sale and the Third Parties Sale be assessed as a whole.

3.1.1 *Further subscription of Binary Shares by JYS (BVI) Ltd.*

We understand from the Directors that the Shareholders' Agreement was entered into in 1999 when Binary was first established to hold the Group's interest in Binary Limited's business operations, and that the terms of Shareholders' Agreement were agreed after arm's length negotiation. The Shareholders' Agreement stipulates, inter alia, the right of JYS (BVI) Ltd. to further subscribe for Binary Shares at a price calculated on prescribed formula in the event that the Company disposed, at any one time or in a series of transactions, of a minimum percentage of Binary Shares at a minimum implied valuation within 14 days after the completion of the relevant transaction (in this case, the First Sale Closing) ("**Subscription Terms**"), details of which are set out in paragraph 2(g) of the "Letter from the Board" of the Circular. This clause is designed to take effect upon completion of the sale of the relevant number of Binary Shares (in this case, the First Sale Closing).

3.1.2 *Survival and consideration of the right under Subscription Terms in First Sale Agreement and Third Parties Sale Agreement*

Given that the First Sale Agreement contains provision for deferred consideration, the Company has protected its interest by insisting that JYS (BVI) Ltd. postpone or defer its right to subscribe for additional Binary Shares until completion of the sale of not less than: (i) 375,591 Binary Shares from the Company to Binary by way of a selective share buy-back; and (ii) 187,796 Binary Shares from the Company to Jean-Yves Sireau by way of a share transfer, and, in each case, the receipt by the Company of any and all consideration and deferred consideration in respect thereof and, where applicable, interest, in cash and in full, which may happen after the termination of the Shareholders' Agreement. It follows that the relevant parties acknowledge

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survival of the subscription right of JYS (BVI) Ltd. and agree to its survival for the relevant period. In view of this, the Company and the First Sale Purchasers and the Third Parties Sale Purchasers have expressly agreed in the First Sale Agreement and in the Third Parties Sale Agreement the survival of the right under the Subscription Terms, and parties to the Shareholders' Agreement will, at First Sale Closing, enter into the Termination Agreement.

While JYS (BVI) Ltd.'s further subscription right is conditional upon payment by Binary and Mr. Jean-Yves Sireau of any and all consideration and deferred consideration (including, where applicable, interest) in cash and in full in respect of the transfer of Binary Shares to them under the First Sale, such subscription right is just a right and not an obligation and therefore it may or may not happen. Value per Binary Share will, however, be diluted upon such subscription at the discretion of JYS (BVI) Ltd. (subject to conditions). Parties to the First Sale Agreement, including the Company, have agreed and acknowledged such subscription arrangement to survive after the termination of the Shareholders' Agreement. For the above reasons, the possible dilution effect of such subscription has been taken into account in valuation (please refer to paragraph 3.3.2 below).

Given that:

- (i) the Shareholders' Agreement was entered into by the Company, the predecessor of JYS (BVI) Ltd, and Mr. Jean-Yves Sireau being the sole shareholder of JYS (BVI) Ltd after arm's length negotiations conducted between non-connected persons of the Company
- (ii) such subscription right and related economics are purely a function of an existing right under the Shareholders' Agreement, a right that was afforded to JYS (BVI) Ltd. (being the nominee entity of the founder of Binary, Mr. Jean-Yves Sireau) as an incentive and ultimately a reward for growing the value of Binary, something that has plainly been beneficial to Binary's shareholders, including the Company; and
- (iii) the survival of the Subscription Terms serves as an incentive for Mr. Jean-Yves Sireau to settle, and to procure Binary to settle, their respective deferred consideration under the First Sale in cash in full, and this is beneficial to the Group,

we are of the view that both the Subscription Terms, and their survival pursuant to the First Sale Agreement and the Third Parties Sale Agreement, are justifiable.

3.1.3 *The Group's remaining interest in Binary*

The Company will retain a minimum of 59,022 Binary Shares, representing approximately 2.0% of the enlarged share capital of Binary after the Disposal and the cancellation of Binary Shares as a result of Binary's buy-back under the First Sale, assuming no Binary Shares are bought back and cancelled under the Third Parties Sale.

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The Company considers that, by retaining a minimum of 2.0% interest in the enlarged share capital of Binary, it preserves some potential economic upside should Binary's business progress to bigger and better things, including a listing on a recognised stock exchange. We note that it is a commercial decision of the Company, and understand that while Binary's business is not within the core focus of the Group's investments, retaining a nominal interest in Binary as a corporate investment still falls under the Group's ordinary and usual course of business. The apportionment between disposal of a majority and retention of a minimum of 2.0% interest in Binary is primarily a management decision, balancing between one of immediate cash return and the other of an expectation of future capital gain, and is judgmental in nature. Despite the Disposal, the Directors consider that the continued holding of a residual 2.0% interest in Binary to be beneficial to the Company and Shareholders as a whole. We consider the Group's retention of a nominal interest in Binary justifiable, in view of the possibility of future capital gain, and risk diversification of the entire investment portfolio.

Overall, we are of the view that it is reasonable for the Group to unlock value in its investment in Binary by disposing of a majority of it. The remaining nominal interest in Binary can meanwhile be disposed of in the future when a suitable opportunity emerges. The Group will continue to review all of its investments, including the remaining interest in Binary, in accordance with its established investment policies and procedures and determine whether to continue to hold the remaining interest in Binary. The remaining interest, which is of a plainly smaller size, would also be accessible to more potential investors, given its relatively lower capital requirement.

3.2 *Consideration and its payment method*

3.2.1 *Consideration under the First Sale Agreement*

With regards to the First Sale, a consideration of US\$15,974,815.2 (approximately HK\$124.60) per Binary Share, being an aggregate consideration of approximately US\$11.3 million (approximately HK\$88.3 million) before interest will be payable by the First Sale Purchasers to the Company in amounts relative to the number of First Sale Shares acquired by the respective First Sale Purchasers in two stages, as set out below:

| First Sale Purchasers | Number of First Sale Shares to be acquired | Consideration | |
|------------------------------------------------|---------------------------------------------------|---------------------------------------|-----------------------------------------------------|
| | | (i) Paid at First Sale Closing | (ii) Deferred consideration |
| Jean-Yves Sireau | 187,796 | US\$1,500,000 | US\$1,500,000 |
| Binary* | 375,591 | US\$3,000,000 | US\$3,000,000 |
| James Mellon | 125,197 | US\$1,000,000 | US\$1,000,000 |
| CINL (as the nominee for Mr. Anderson Whamond) | 20,000 | US\$159,750 | US\$159,750 |
| TOTAL | 708,584 | US\$5,659,750 | US\$5,659,750 (excluding interest) |

* by way of share buy-back

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Accordingly, (i) an amount equal to approximately US\$5.7 million (approximately HK\$44.1 million) will be payable in cash (in US\$) by 5:00 p.m. on the date of the First Sale Closing; and (ii) an amount equal to approximately US\$5.7 million (approximately HK\$44.1 million), together with any interest at a rate of 8% per annum to be calculated and accrued daily in respect of any and all unpaid sums from (and including) the date of the First Sale Closing, will be payable in cash (in US\$) within 18 months of the date of the First Sale Closing.

3.2.2 Consideration under the Third Parties Sale Agreement

With regards to the Third Parties Sale, an aggregate consideration of approximately US\$3.7 million (approximately HK\$28.7 million) before interest will be payable by the Third Parties Sale Purchasers to the Company in an amount relative to the number of the Third Parties Sale Shares acquired by the respective Third Parties Sale Purchasers in two stages, as set out below:

| Third Parties Sale Purchasers | Number of Third Parties Sale Shares to be acquired | Consideration | |
|------------------------------------------------------|----------------------------------------------------------|----------------------------------------------|-----------------------------------------------------|
| | | (i) Paid at Third Parties Sale Closing | (ii) Deferred consideration |
| Euroblue Investments Limited | 187,796 | US\$1,500,000 | US\$1,500,000 |
| CINL (as the nominee for Mr. Anderson Whamond) | 20,000 | US\$159,750 | US\$159,750 |
| Five individuals | 22,598 | US\$180,500 | US\$180,500 |
| TOTAL | 230,394 | US\$1,840,250 | US\$1,840,250 (excluding interest) |

Accordingly, (i) an amount equal to approximately US\$1.8 million (approximately HK\$14.0 million) will be payable in cash on the date of the Third Parties Sale Closing, and (ii) an amount equal to approximately US\$1.8 million (approximately HK\$14.0 million), together with any interest at a rate of 8% per annum to be calculated and accrued daily in respect of any and all unpaid sum from (and including) the date of the Third Parties Sale Closing will be payable in cash (in US\$) within 18 months of the date of the Third Parties Sale Closing.

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3.2.3 Unsecured financial assistance to connected persons under the First Sale Agreement and the Third Parties Sale Agreement

We note the deferred consideration for both of the First Sale and the Third Parties Sale are not secured by any asset, and in the case of Mr. James Mellon and CINL (as the nominee for Mr. Anderson Whamond), constitutes financial assistance under Chapter 14A of the HK Listing Rules. The aggregate amount of financial assistance to connected persons under the First Sale Agreement and Third Parties Sale Agreement is set out as follows:

| Connected persons | Deferred consideration under the First Sale | Deferred consideration under the Third Parties Sale | Total deferred consideration |
|------------------------------------------------|---------------------------------------------|-----------------------------------------------------|------------------------------|
| Jean-Yves Sireau | US\$1,500,000 | — | US\$1,500,000 |
| James Mellon | US\$1,000,000 | — | US\$1,000,000 |
| CINL (as the nominee for Mr. Anderson Whamond) | US\$159,750 | US\$159,750 | US\$319,500 |
| TOTAL (excluding interest) | US\$2,659,750 | US\$159,750 | US\$2,819,500 |

In the event that that the Third Parties Sales Shares are unable to be sold in full to third parties, the First Sale Purchasers may opt to acquire the Third Parties Sale Shares on a pro-rata basis and the deferred consideration would also constitute financial assistance, the corresponding maximum amount are set out as follows:

| Connected persons | Number of Binary Shares may be obtained if not obtained under the First Sale Agreement | | | Deferred consideration maximum under the Third Parties Sale# | | |
|------------------------------------------------|-------------------------------------------------------------------------------------------------------------|----------------------------------------------|----------------|--------------------------------------------------------------------------|------------------------|----------------------|
| | obtained under the First Sale Agreement | otherwise disposed to third parties | Total | under the First Sale | Third Parties Sale# | Total |
| Jean-Yves Sireau | 187,796 | 61,061 | 248,857 | US\$1,500,000 | US\$487,719 | US\$1,987,719 |
| James Mellon | 125,197 | 40,707 | 165,904 | US\$1,000,000 | US\$325,134 | US\$1,325,134 |
| CINL (as the nominee for Mr. Anderson Whamond) | 20,000 | 20,000 | 40,000 | US\$159,750 | US\$159,750 | US\$319,500 |
| Total no. of Binary Shares | 332,993 | 121,768 | 441,264 | | | |
| Total (excluding interest) | | | | US\$2,659,750 | US\$972,603 | US\$3,632,353 |

For maximum amount of deferred consideration under the Third Parties Sale for Mr. Jean-Yves Sireau and Mr. James Mellon, it is assumed that each of them can exercise their pro-rata entitlement in the Third Parties Sale as described in the First Sale Agreement.

For maximum amount of deferred consideration under the Third Parties Sale for CINL (as the nominee for Mr. Anderson Whamond), it is assumed that it will acquire 20,000 Binary Shares under the Third Parties Sale Agreement. CINL (as the nominee for Mr. Anderson Whamond) can acquire 20,000 Binary Shares under Third Parties Sale Agreement and is doing so in excess of what its pro rata entitlement might have been should there be any shortfall remain as at the First Sale Long Stop Date, and each of the other First Sale Purchasers has, on 24 February 2015, executed a waiver and consent of participation of CINL (as the nominee for Mr. Anderson Whamond) in the Third Parties Sale Agreement.

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3.2.4 Unsecured financial assistance to Mr. James Mellon

The financial assistance to Mr. James Mellon under the First Sale Agreement amounts to approximately US\$1.0 million. Mr. James Mellon is not a purchaser under the Third Parties Sale Agreement. In the event that the Third Parties Sale Shares are unable to be sold in full to third parties, Mr. James Mellon may have opportunity to opt to acquire a maximum of an additional 40,707 Binary Shares out of 230,394 Binary Shares under Third Parties Sale at a consideration of approximately US\$0.7 million, half of which (i.e. approximately US\$0.3 million) would be deferred consideration to be settled within 18 months of the date of closing, with interest being accrued daily at the rate of 8% per annum.

We have discussed with the Directors, who consider a return of 8% per annum on an unsecured financial assistance of US\$1.0 million to Mr. James Mellon under the First Sale, and a possible unsecured financial assistance of a maximum of approximately US\$0.3 million under Third Parties Sale, for a maximum period of 18 months, commensurate to the risk associated. In particular, they have considered the fact that Mr. James Mellon is a substantial and single largest Shareholder, as well as his financial capability.

3.2.5 Unsecured financial assistance to CINL (as the nominee for Mr. Anderson Whamond)

The financial assistance to CINL (as the nominee for Mr. Anderson Whamond) under the First Sale Agreement and Third Parties Sale Agreement amounts to approximately US\$0.16 million and US\$0.16 million respectively. The participation of CINL (as the nominee for Mr. Anderson Whamond) in the Third Parties Sale Agreement exceeds its entitlement afforded to the First Sale Purchasers in the event that the Third Parties Sale Shares are unable to be sold in full to third parties. Accordingly, the financial assistance of an aggregate of US\$0.32 million represents the maximum amount of financial assistance that could conceivably be available to CINL (as the nominee for Mr. Anderson Whamond).

We have discussed with the Directors, who consider a return of 8% per annum on the unsecured financial assistance of an aggregate of US\$0.32 million to CINL (as the nominee for Mr. Anderson Whamond) for a maximum period of 18 months commensurate to the risk associated. In particular, they have considered CINL being the nominee for a pension fund of which Mr. Anderson Whamond is the sole beneficiary, as well as Mr. Anderson Whamond's financial capability.

3.2.6 Unsecured financial assistance to Mr. Jean-Yves Sireau

The financial assistance to Mr. Jean-Yves Sireau under the First Sale Agreement amounts to approximately US\$1.5 million. Mr. Jean-Yves Sireau is not a purchaser under Third Parties Sale Agreement. In the event that the Third Parties Sale Shares are unable to be sold in full to

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third parties, Mr. Jean-Yves Sireau may have opportunity to opt to acquire a maximum of an additional 61,061 Binary Shares out of 230,394 Binary Shares under Third Parties Sale at a consideration of approximately US\$1.0 million, half of which (i.e. approximately US\$0.5 million) would be deferred consideration to be settled within 18 months of the date of closing, with interest being accrued daily at the rate of 8% per annum.

We have discussed with the Directors, who consider a return of 8% per annum on unsecured financial assistance of US\$1.5 million to Mr. Jean-Yves Sireau under the First Sale, and, in the event that the Third Parties Sale Shares are unable to be sold in full to third parties, a possible unsecured financial assistance of a maximum of approximately US\$0.5 million to Mr. Jean-Yves Sireau under the Third Parties Sale, for a maximum period of 18 months, commensurate to the risk associated. In particular, they have considered the fact that Mr. Jean-Yves Sireau is holding the entire share capital of JYS (BVI) Ltd., which in turn holding 50.1% of Binary's existing share capital. As stated in the "Letter from the Board" of the Circular, JYS (BVI) Ltd. is, pursuant to the Shareholders' Agreement, entitled to subscribe for 1,326,667 new Binary Shares at an aggregate subscription price of US\$398,000, i.e. US\$0.30 per Binary Share upon Mr. Jean-Yves Sireau's and Binary's settlement of all consideration and deferred consideration (with applicable interest) under the First Sale in cash in full. Given the aforesaid subscription price per Binary Share is substantially lower than the consideration per Sale Share, the Directors consider that it serves as an incentive for Mr. Jean-Yves Sireau to settle, and to procure Binary to settle, their respective deferred consideration so that he can proceed with the aforesaid subscription. Both Mr. Jean-Yves Sireau and his wholly-owned company, JYS (BVI) Ltd., are two out of the three directors of Binary. For this reason, we consider that Mr. Jean-Yves Sireau is able to procure Binary to settle the deferred consideration payable by Binary.

3.2.7 Unsecured financial assistance to Binary

The financial assistance to Binary under the First Sale Agreement amounts to US\$3.0 million. Binary is not a purchaser under Third Parties Sale Agreement. In the event that the Third Parties Sale Shares are unable to be sold in full to third parties, Binary may have opportunity to opt to acquire a maximum of an additional 122,122 Binary Shares out of 230,394 Binary Shares under the Third Parties Sale at a consideration of approximately US\$2.0 million, half of which (i.e. approximately US\$1.0 million) would be deferred consideration to be settled within 18 months of the date of closing, with interest being accrued daily at the rate of 8% per annum.

We have discussed with the Directors, who consider a return of 8% per annum on unsecured financial assistance of US\$3.0 million to Binary under the First Sale, and possible unsecured financial assistance of a maximum of approximately US\$1.0 million to Binary under Third Parties Sale, for a maximum period of 18 months, commensurate to the risk associated, given the relationship between Binary and Mr. Jean-Yves Sireau and the further subscription as described in the immediately preceding paragraph.

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3.2.8 Unsecured financial assistance to Euroblue Investments Limited and 5 independent individuals

The financial assistance to Euroblue Investments Limited and 5 independent individuals under the Third Parties Sale Agreement amounts to US\$1.5 million and an aggregate of US\$0.2 million respectively.

We have discussed with the Directors, who consider a return of 8% per annum on unsecured financial assistance of US\$1.5 million to Euroblue Investments Limited for a maximum period of 18 months commensurate to the risk associated, in consideration of its and its controllers' financial capability. In respect of the 5 independent individuals, financial assistance to each of them is relatively insignificant and 8% per annum is considered commensurate to the risk associated in consideration of their respective financial capability.

We have additionally considered the fairness and reasonableness of the aforesaid interest rate of 8% per annum. It is higher than the interest rate which the Group can command from cash deposits from financial institutions. As part of our consideration, we have also compared it with the return of the Group's other investments which we note that do not typically have fixed or regular payout or have higher risks. The Group's cash deposits in bank and the aggregate dividend yield of all of the Group's existing financial assets at fair value through profit or loss and available-for-sale financial assets as a whole are negligible and nearly zero. On this basis, we believe the interest rate of 8% per annum on the unsecured financial assistance is fair and reasonable.

3.3 Valuation method

For the purposes of valuing Binary, the Company used an implied valuation of Binary Limited of US\$50.5 million, which is arrived at based on price-to-earnings ratio of 8.84 times Binary Limited's 2013 earnings, which amounted to approximately US\$5.714 million for the year ended 31 December 2013. Based on Binary's shareholding in Binary Limited of 93.35%, Binary (which sole activity is holding shares of Binary Limited) is therefore valued at approximately US\$47.14 million, which corresponds to about US\$15.974 per Binary Share (being the value after the First Sale and the Third Parties Sale, i.e. the value that the First Sale Purchasers and Third Parties Sale Purchasers would eventually acquire, calculated based on 2,951,076 Binary Shares which has taken into account (i) the potential dilution effect of the subscription of 1,326,667 new Binary Shares by JYS (BVI) Ltd. as further described below as JYS (BVI) Ltd. is entitled to the subscription after the First Sale (subject to conditions), and (ii) the aforesaid share buyback by Binary under the First Sale (which have to be cancelled upon the share buyback exercise).

When considering the appropriateness of the valuation method adopted by the Company above, we have considered commonly used valuation models, namely, net asset value model, price-to-earnings model and discounted cashflow model. We note that given the nature of Binary's business which are asset-light and its income generating ability relies more on relevant technology instead of physical assets such as real properties or manufacturing facilities, we are of the view that net asset value model is not applicable. Meanwhile, discounted cashflow model necessitates a long term projection of Binary's cashflow which in turn will depend on a host of assumptions. Given the continuously changing nature and regulatory environment of the online betting industry in general, this may prove arbitrary. We hence are of the view that price-to-earnings model is an appropriate valuation method.

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3.3.1 Market comparables

To consider the fairness and reasonableness of the aforesaid 8.84 times price-to-earnings ratio applied when determining the consideration of the Disposal, we have attempted to analyse the price-to-earnings ratios of companies engaging in similar business as Binary. We have not identified any company, listed on the HK Stock Exchange or exchanges other than the London Stock Exchange (“LSE”) and Nordic OMX, which engages in similar business as Binary. Meanwhile, we have identified nine companies listed on LSE and Nordic OMX (which is a stock exchange based in Sweden) which are engaged in the business-to-customer betting, gaming and related industry (“Comparables”) as follows:

| Company Name | Principal activities | Stock Exchange | Market capitalisation <i>(note 1)</i> US\$ million equivalent | Revenue ^(note 2) US\$ million equivalent | Price-to-earnings ratio ^(note 2) |
|--------------------------------------|----------------------------------------------------|----------------|---------------------------------------------------------------------|--------------------------------------------------------|---------------------------------------------|
| IG Group Holding PLC | Financial spread betting | LSE | 4,122.9 | 625.4 | 18.5 |
| Betfair Group Plc | Online sports betting | LSE | 2,068.1 | 595.0 | 26.8 |
| Unibet Group Plc | Online casino gambling | Nordic OMX | 1,767.0 | 355.0 | 29.1 |
| Betsson AB | Online gambling | Nordic OMX | 1,424.2 | 307.0 | 20.5 |
| Bwin.Party Digital Entertainment Plc | Online sports and casino gambling | LSE | 1,325.6 | 826.2 | 25.5 |
| Plus500 Ltd | CFD shares, indices, commodities and forex trading | LSE | 1,105.9 | 105.5 | 23.8 |
| 888 Holdings Plc | Online gambling | LSE | 738.1 | 367.2 | 16.1 |
| Sportech Plc | Online sports betting | LSE | 195.1 | 1,866.8 | 39.1 |
| 32Red Plc | Online casino gambling | LSE | 41.9 | 38.4 | 12.5 |
| Maximum | | | 4,122.9 | 826.2 | 39.1 |
| Minimum | | | 41.9 | 38.4 | 12.5 |
| Average | | | 1,421.0 | 376.3 | 23.6 |
| Binary | provision of fixed-odds financial betting | NA | 50.5^{note 3} | 462.7 | NA |

Notes:

1. Market capitalisation as at 14 January 2014 (the latest practicable date for ascertaining information prior to the date of the First Sale Agreement) translated at exchange rate of 1 Pound Sterling to US\$1.51, and at 1 Swedish Kronor to US\$0.13
2. Based on financial information from latest financial year as extracted from the latest annual reports
3. Applying a price-to-earnings ratio of 8.84 times

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We understand that Comparables mentioned above may not be an exhaustive list as we are not able to definitively cover an exhaustive list of listed companies that are engaging in similar business as Binary. We have compiled the above list to the best of our knowledge based on publicly available information. Notwithstanding this limitation, the above list gives reference of the range of price-to-earnings ratio of listed companies engaging in similar business. We are of the view that the Comparables sufficiently and fairly demonstrated the prevailing market condition to allow for an informed view.

We wish to note that the Comparables are listed companies and a majority of which have a relatively larger scale of operations. To the best of our knowledge, except for the financial information published by the Comparables, there is no other public information available, such as market position, for further evaluation. We therefore believe it is only appropriate and practical to evaluate available public data, i.e. market capitalisation and revenue. Indeed, as at 31 December 2013, revenues for the Comparables mentioned above ranged from US\$38.4 million (approximately HK\$299.5 million) to US\$826.2 million (approximately HK\$6,444.4 million), compared with a revenue recorded by Binary for the same period of US\$462.7 million (approximately HK\$3,328.3 million). Binary's revenue generating ability ranked above average of the Comparables. Market capitalisation of Comparables ranged from US\$41.9 million (approximately HK\$326.8 million) to US\$4,122.9 million (approximately HK\$32,158.6 million). Comparatively, Binary's operations are towards the lower end of the scale and also smaller in terms of market capitalisation, as the price-to-earnings ratio is lower, reflecting the fact that Binary is not listed on any stock exchange and its shares are not freely tradable. We therefore consider the Comparables are relevant for the purpose of considering of the First Sale and the Third Parties Sale.

As shown above, the prevailing average price-to-earnings ratio of the Comparables is 23.6, ranging from 12.5 to 39.1. The price-to-earnings ratio of 8.84 times applied to the Disposal is therefore lower than the Comparables. Notwithstanding, having considered various factors, being (i) Binary's scale of operations are towards the lower end of the Comparables; (ii) the lack of liquidity of Binary's shares compared to the shares of the Comparables which are freely tradable on the stock exchanges; (iii) the Group is disposing a non-controlling stake in Binary; (iv) the Company valued Binary at a price-to-earnings ratio of 8.84 times, representing approximately 29.3% below the lowest of the Comparables at price-to-earnings ratio 12.5 times; and (v) there is no universal standard on the magnitude of discount for valuation of private companies, but, in general, it is agreed that entities with characteristics as stated in points (ii) and (iii) above attract a significant discount as compared to those without such characteristics, we consider the valuation of Binary under the Disposal at discounted price-to-earnings ratio to the lowest price-to-earnings ratio of the Comparables to be, on balance, fair and reasonable.

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In addition, the price per Binary Share under the Third Parties Sale is identical to that of the First Sale, i.e. applying the same price-to-earnings ratio of 8.84 times. There is no preferential treatment towards the connected persons. Application of price-to-earnings ratio is ultimately based on the expectation of market players, and in this case, the expectation of the First Sale Purchasers and the Third Parties Sale Purchasers. Given the above, nothing has come to our attention that current price-to-earnings ratio of 8.84 times is inappropriate, or not fair and reasonable.

3.3.2 Potential dilution has been taken into account

The Company agreed to sell a total of 938,978 Binary Shares at US\$15.9748152 per Sale Share under the First Sale and the Third Parties Sale, out of 2,951,076 Binary Shares (after adjusting for the cancellation of 375,591 Binary Shares upon share buy-back under the First Sale, and as enlarged by the subscription of 1,326,667 Binary Shares by JYS (BVI) Ltd., given that JYS (BVI) Ltd. has indicated to the Company that it has every intention of exercising its right to subscribe for additional Binary Shares once it is legally permitted to do so).

According to the Subscription Terms under the Shareholders' Agreement, the right of further subscription will be triggered, at any one time or in a series of transactions, when certain conditions are met. Given the divestment of Binary is already included in the Group's divestment programme, and the subscription is dilutive in nature, it is to be expected of, and is only fair to, the First Sale Purchasers and Third Parties Sale Purchasers that the maximum number additional Binary Shares be taken into account in the negotiations.

We understand from the Directors that the divestment of the majority portion of the Company's interest in Binary was agreed to purely based on the value per Binary Share and the view that it represented an outstanding return, while the decision to retain some interest, albeit only 2.0%, was a prudent decision and struck an appropriate balance between an immediate cash return and the expectation of future capital gain. The Directors did not structure the divestment in any way to trigger or avoid the Subscription Terms.

We note the aforesaid price per Sale Share has taken into account the subscription of additional Binary Shares by JYS (BVI) Ltd. and cancellation of Binary Shares bought back by Binary under the First Sale, and is calculated as follows:

| | | |
|------------------------------------------------------------------------|-----------------------------------------------------------------------|----------------|
| Value of Binary calculated by price-to-earnings ratio | | US\$50,500,000 |
| Value of Binary excluding non-controlling interest at subsidiary level | Adjusted for non-controlling interest of 6.65% in Binary's subsidiary | US\$47,141,750 |
| Value per Binary Share ^(Note) | Divided by 2,951,076 Binary Shares | US\$15.9744276 |

Note: Value per Binary Share (excluding additional shares under Subscription Terms, i.e. divided by 1,624,409 Binary Shares) amounted to US\$29.0208623.

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As shown above, the price per Sale Share of US\$15.9748152 approximates the value per Binary Share of US\$15.9744276. The potential dilution effect of the subscription by JYS (BVI) Ltd. and the effect of share buyback of Binary under the First Sale have therefore been taken into account when the Company negotiates the consideration of the Disposal.

Given the dilutive nature of the possible subscription by JYS (BVI) Ltd. and the fact it is the right of JYS (BVI) Ltd. to determine whether to subscribe or not, we consider it relevant to assume the subscription will occur for the purpose of assessing the First Sale and the Third Parties Sale as the First Sale Purchasers and Third Parties Sale Purchasers will continue to be aware of, and will take this into account when considering their percentage shareholding in Binary. We are of the view that any rational investors knowing that Binary will issue additional shares at a dilutive price will take into account the potential dilution effect in evaluating the value of Binary, regardless whether the dilution has in fact materialised, because the dilution can materialise at any time. This is similar to a case, for example, a listed company having in-the-money options or warrants which are convertible into shares. Even though hypothetically a higher value per Binary Share (i.e US\$29.0208623 per Binary Share) would result should the possible subscription be ignored, such value is impractical for sale negotiations purpose for the above reasons. We are of the view that if the First Sale or Third Parties Sale does not proceed, it would be detrimental to the Company and Shareholders as a whole as the value of Binary would not be realised.

3.3.3 *Benchmark*

Despite JYS (BVI) Ltd.'s right to subscribe for 1,326,667 new Binary Shares at an aggregate subscription price of US\$398,000, i.e. US\$0.30 per Binary Share as stipulated in the Shareholders' Agreement, we consider such subscription price is not an appropriate benchmark for the Consideration. Instead, the price per Binary Share to be sold under the Third Parties Sale Agreement would be a relevant benchmark, which, as disclosed, is identical to that under the First Sale.

3.3.4 *Section conclusion*

The Disposal is in our view fairly and reasonably valued based on Binary's prevailing scale of operations and liquidity of its shares. Accordingly, we are of the view that the consideration of the Disposal is fair and reasonable and in the interests of the Company and the Shareholders as a whole.

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4. Reasons for and benefits of the Disposal

4.1 *Divestment of non-core assets and investments*

As stated in the “Letter from the Board” of the Circular, the business of Binary is not a core investment focus of the Group. The Group intends to deploy the proceeds of the Disposal to pursue opportunistic, strategic and value-led investments in the healthcare and life sciences sectors.

Pursuant to the Group’s 2014 Interim Report, disposal of Binary is part of the Group’s divestment programme, and the Group has been considering divestment of Binary since 2014. The Group’s divestment programme refers to its plan to divest certain corporate investments that the Group has identified in the course of its continual review process on its corporate investments.

4.2 *Unlock hidden value in Binary*

The consideration of the Disposal is significant relative to the Group’s initial aggregate investments of the Sale Shares of approximately US\$1.9 million (approximately HK\$14.7 million) in November 1999 and February 2000. The Disposal via First Sale and Third Parties Sale will generate aggregate proceeds (before interest) of US\$11.32 million and a maximum of approximately US\$3.68 million respectively, resulting in gain on disposal of approximately US\$7.75 million and a maximum of US\$2.51 million respectively.

The Disposal will conclude the Group’s overall investment return in Sale Shares of approximately US\$22.4 million (or approximately HK\$174.7 million), which is calculated by:

| | <i>US\$ million</i> | <i>HK\$ million equivalent</i> |
|---------------------------------------------------------------------------------------------------------------------------------|---------------------|------------------------------------|
| Total proceeds of the Disposal (before expenses and excluding the interest receivable in respect of the deferred consideration) | 15.0 | 117.0 |
| Add: Corresponding accumulated dividends received | 9.3 | 72.5 |
| Gross return | 24.3 | 189.5 |
| Less: Corresponding initial aggregate investment cost | 1.9 | 14.8 |
| Overall investment return in Sale Shares | 22.4 | 174.7 |
| “Cash-on-cash” return ^(Note) (Gross return / initial investment cost) (US\$24.3 million /US\$1.9 million) | | 12.8 times |

Note: Based on discussion with the management of the Company, and with reference to the management discussion and analysis in the 2013 Annual Report, “cash-on-cash return” is the usual information provided to investors for evaluation of the simple cash return of a particular investment. We consider it is a relevant and appropriate reference as it (i) provides additional information on top of the accounting gain on disposal, (ii) enables performance comparison with the Group’s other corporate investments, and (iii) shows clearly that the initial investment cost in this corporate investment has already been recovered through dividends previously received.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

As a private company, we note that the Binary Shares are not freely tradable. In addition, the shareholding of Binary shareholders is constrained by terms such as the potential subscription by JYS (BVI) Ltd. which will dilute the shareholding of other shareholders such as the Company. In our view, the above factors cause limitations to the liquidity of Binary Shares and when an opportunity arose for the Group to monetise its investment in Binary, where in this case at a substantial return and fair valuation, it is fair and reasonable that the Company should take advantage of this opportunity to unlock its investment value.

Based on the aforementioned reasons, and the fact that all First Sale Purchasers and Third Parties Sale Purchasers are subject to the same price and substantially same terms, the management of the Company concluded, and we concur, that it would be fair and reasonable and in the interests of the Company and the Independent Shareholders for the Company to dispose the Binary Shares to the First Sale Purchasers and Third Parties Sale Purchasers.

5. Financial effects of the First Sale and the Third Parties Sale

5.1 *Interest in Binary decreases from 49.9% to a minimum of 2.0% after the Disposal and subscription of Binary Shares by JYS (BVI) Ltd. and cancellation of Binary Shares bought back*

After the completion of the First Sale and subscription of new Binary Shares by JYS (BVI) Ltd., the Group's interest in Binary will decrease from 998,000 Binary Shares (representing 49.9% of Binary's then share capital) to 289,416 Binary Shares (representing 9.8% of Binary's then share capital). If there is no further subscription by JYS (BVI) Ltd., 289,416 Binary Shares represents 17.8% of Binary's then share capital. Given that all directors nominated by the Company to Binary's board of directors have already resigned, the Group will, upon completion of the First Sale, cease to share the net asset and net results of Binary in the Group's consolidated financial statements. The Group's remaining interest in Binary will be reclassified as available-for-sale financial assets.

Subsequent to the completion of the Disposal and the cancellation of Binary Shares after Binary's buy-back under the First Sale, and assuming no Binary Shares are bought back and cancelled under the Third Parties Sale, the Group's interest in Binary will further decrease to a minimum of 59,022 Binary Shares (representing approximately 2.0% of Binary's then share capital).

5.2 *Estimated gain on the First Sale alone and the Disposal*

As stated in the "Letter from the Board" of the Circular, it is estimated that the Group will record a gain on disposal before expense of approximately US\$7.75 million from the First Sale, being the difference between the sales proceeds (before expenses and excluding the interest receivable in respect of the deferred consideration) of approximately US\$11.32 million, and its corresponding carrying value of the Binary Shares as at 30 November 2014 of approximately US\$3.57 million.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

As stated in the “Letter from the Board” of the Circular, it is estimated that the Group will record a gain on disposal before expense of approximately US\$10.26 million from the Disposal, being the difference between the sales proceeds (before expenses and excluding the interest receivable in respect of the deferred consideration) of approximately US\$15.0 million, and its corresponding carrying value of the Binary Shares as at 30 November 2014 of approximately US\$4.74 million.

The actual gain arising from the First Sale alone and the Disposal may be different from the estimated US\$7.75 million and US\$10.26 million respectively and will be subject to usual external audit for the year ending 31 December 2015 and be determined based on the corresponding carrying value of Binary as at the respective dates of completion of the First Sale and Third Parties Sale, and the amount of expenses directly related to the Disposal.

5.3 Increase in cash balance and working capital position

Upon closing of the First Sale and the Third Parties Sale, the Group will receive cash proceeds of approximately US\$5.7 million and US\$1.8 million respectively. The Group’s cash and bank balances upon the closing of the First Sale will be increase substantially as compared to the cash and bank balance of approximately US\$6.5 million as at 30 June 2014. It is the intention of the Company, consistent with its stated business strategy, to use the proceeds of the Disposal, together with the existing cash and liquid cash reserves of the Group, to continue to pursue opportunistic, strategic and value-led investments in the healthcare and life sciences sectors, in order to enhance Shareholders’ value.

The Group will receive a further US\$5.7 million and US\$1.8 million, together with the relevant interest at 8% per annum, within 18 months after the respective closing of the First Sale and the Third Parties Sale. The Group’s cash balance and working capital position will be further enhanced accordingly.

5.4 Interest income on financial assistance

As there is deferred consideration arrangement for both First Sale and Third Parties Sale, the Group will receive 8% interest income per annum on the deferred consideration accrued on a daily basis, for the period up to 18 months from the respective closing date.

RECOMMENDATION

In evaluating the First Sale Agreement, the Third Parties Sale Agreement and the Disposal as a whole, we note that (i) it is within the divestment plan for the Group to dispose of its investment in Binary; (ii) the consideration of the Disposal is fair and will result in a gain on disposal to be recognised in the Group’s consolidated financial statements; and (iii) the First Sale and Third Parties Sale are subject to same price and substantially same terms, including the deferred consideration arrangement, and there is no preferential treatment for the Company’s connected persons or their associates, Mr. James Mellon and CINL (as the nominee for Mr. Anderson Whamond).

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

Having considered the above principal factors and reasons, we are of the view that (i) the terms and conditions of the Disposal (in its entirety and including the financial assistance resulting from the respective deferred consideration), are fair and reasonable so far as the Independent Shareholders are concerned; and (ii) the Disposal (in its entirety and including financial assistance resulting from the respective deferred consideration) is on normal commercial terms and in the ordinary and usual course of business and 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 recommend to the Independent Shareholders, to vote in favour of the resolutions to be proposed at the Extraordinary General Meeting to approve the Disposal (in its entirety, and including the financial assistance resulting from the respective deferred consideration).

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.

Pursuant to Rule 13.84 of the HK Listing Rules, Altus Capital Limited is independent of the Company. In particular, 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.

1 INDEBTEDNESS OF THE GROUP

As at the close of business on 28 February 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 Group did not have any debt securities in issue and outstanding or authorised or otherwise created but unissued, or term loans;
- (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 announced by the Company on 28 January 2013, 18 April 2013 and 23 August 2013 and as further disclosed in the Company's half yearly and annual reports for 2013 and half yearly report for 2014, the Company received orders from the Federal Court of Australia in relation to an Assessment issued by the Commissioner of Taxation in the amount of A\$12.8 million following completion of the sale of its securities in BC Iron Limited ("**BCI**") for gross proceeds of A\$81.6 million. The amount of potential tax assessed was expressed to be due and payable on 2 December 2013.

Following consultation with the Commissioner of Taxation and pursuant to the terms of the Settlement Deed (as defined in the announcement dated 18 April 2013), the Company agreed to grant The Commonwealth of Australia, represented by the Commissioner of Taxation, a specific security deed (as amended by way of a deed of amendment dated 27 November 2013) (together, the "**Specific Security Deed**") in respect of certain of the Company's investments in entities listed on the Australian Securities Exchange, as security against the Assessment, in consideration of the Commissioner of Taxation taking steps to discontinue the Court orders within 7 days of the date of the Specific Security Deed and staying recovery action in respect of the Assessment until the matter is resolved within the time provided for in any relevant law following the Final Determination of Objection (as defined in the announcement dated 18 April 2013).

Having executed the Settlement Deed and Specific Security Deed, the Company has, together with its external advisers, continued to focus on the merits of the Assessment. From advice received, the Company understands that the ultimate determination of the potential taxation liability will be subject to a valuation of BCI's real property (including mining tenements) and non-real property assets.

To this end, the Company has received independent valuation advice indicating that, based on a valuation of BCI's real property (including mining tenements) and non-real property assets at the relevant time, the Company has strong and compelling grounds based on current law in Australia to challenge the Assessment in its entirety.

Accordingly, the provision of A\$12.78, million (or approximately US\$10.43 million) in respect of the potential Australian taxation liability in relation to the realised gain on disposal of the Company's investment in BCI was written back in the financial statements for the half-year ended 30 June 2013 (as announced on 23 August 2013) and, prior to 2 December 2013, the Company filed a formal notice of objection with The Commonwealth of Australia, represented by the Commissioner of Taxation, objecting to the Assessment.

The Company and its advisers are also closely monitoring any developments in Australian taxation law that may be relevant to its analysis and position and should any change or development take place the Company will, following advice, revisit its treatment of the potential Australian tax should the need arise. In this respect, the Board noted that, during the period to 30 June 2014, there have been further legal developments regarding the Australian taxation rules applicable to the Company and its prior disposal of its investment in BCI. In light of these developments the Company has taken further external advice from its Australian advisers as to its position. Notwithstanding these developments and following the updated advice received, the Directors continue to believe that the Company has strong and compelling grounds to challenge the Assessment in its entirety. Should any change to Australian law or the interpretation thereof render the approach adopted by the Company and its external advisers in relation to this matter as being no longer correct or consistent with the relevant change or development, whether in whole or part, the calculations supporting the Company's position (with respect to the value ascribed to BCI's real property (including mining tenements) and non-real property assets at the relevant time) may change and potentially have a material and adverse effect on the Company's accounts and financial position going forward.

The Company is continuing to work closely with its Australian advisers to determine the most appropriate course of action in respect of resolving the matter with the Commissioner of Taxation.

In this respect, the Company has proactively and voluntarily shared its independent, expert advice, together with supporting papers and calculations, with the Commissioner of Taxation and that advice has recently been reviewed by an external consultant engaged by the Commissioner of Taxation.

On 28 January 2015, the Company and its Australian advisers received a copy of the report produced by the external consultant engaged by the Commissioner of Taxation and, from that report, understands that the external consultant does not agree with certain material findings in the independent, expert advice received by the Company. The Company and its Australian advisers are continuing to review the report.

As of the Latest Practicable Date, the Company and its Australian advisers are not aware of any changes in the facts of the aforementioned dispute, nor the regulatory landscape or any recent legal developments in Australia which may affect the prior advice received and shared with the Commissioner of Taxation. Accordingly, the Directors remain of the view that the Company has strong and compelling grounds to challenge the Assessment in its entirety and will

continue to do so. Therefore, as a next step, the Company anticipates entering into formal discussions with the Commissioner of Taxation, by way of a regulated alternative dispute resolution process, to further discuss the areas of disagreement pertinent to matter and will provide further updates to the market in due course.

(d) Charge on the Group's assets

As noted immediately above and as previously disclosed, pursuant to the Specific Security Deed the Company agreed to grant The Commonwealth of Australia, represented by the Commissioner of Taxation, security against the Assessment in respect of certain of the Company's Australian investments, being 518,103,930 shares in Venturex, 10,854,568 shares in Bannerman Resources Limited and 12,700,000 shares in Tigers Realm Coal Limited, whose market values were A\$3.11 million (or approximately US\$2.43 million), A\$0.68 million (or approximately US\$0.53 million) and A\$1.65 million (or approximately US\$1.29 million) as at 28 February 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 Group, including internally generated funds, cash and cash equivalents on hand and the net proceeds from the Disposal, the Directors are of the opinion that the Group has sufficient working capital for its present requirements for at least 12 months from the date of publication of this circular, in the absence of unforeseeable circumstances.

3 FINANCIAL AND TRADING PROSPECTS OF THE GROUP

Global activity has broadly strengthened and, barring major geopolitical upheaval, global economic growth in 2015-2016 is projected to be between 3.5 and 3.7 percent, with much of the impetus coming from advanced economies, with key drivers being a reduction in fiscal tightening and still highly accommodative monetary conditions. The United States looks set to continue to grow, but the expansionary phase may begin to show signs of maturing, causing a moderation in profitability, joined by a variety of cost pressures. European economies have more scope to recover, but there are dark clouds from slowing exports to emerging markets and a dysfunctional policy environment to tackle deflationary pressures. Recent economic data suggests that China will continue its "*soft fall*", as government stimuli is likely to have less effect and monetary policy will likely become tighter. Other major emerging markets would appear well placed to continue to grow, with the rate of growth to vary, depending on the pace of reforms. New geographies for growth in parts of Asia, offer opportunities to build sustainable growth models, but they also bring challenges on economic, legal, and institutional fronts. The main upside risk is a greater boost from lower oil prices, although there is uncertainty about the persistence of the oil supply shock. Further upsides relate to the ability of policy and business to invest in people, raise productivity, and rebuild trust and confidence. Downside

risks relate to intensifying political and economic risks, shifts in sentiment and volatility in global financial markets, especially in emerging market economies, where lower oil prices have introduced external and balance sheet vulnerabilities in oil exporters. Stagnation and low inflation are still concerns in the euro area and in Japan.

Looking at the Group's existing investments in natural resources, energy related investments are continuing to suffer through a, well reported, weaker commodity price environment, while the Group's exposure to gold and other precious metals is currently enjoying renewed enthusiasm in the space. While China remains a major driver for commodities demand, improving economic conditions in the developed world can only help to support any fall in commodity demand resulting from the moderating growth period that China now appears to be in. While we expect commodity markets to remain volatile, we remain confident that on a fundamental basis, demand will be underpinned by urbanization of emerging economies and recovery of developed economies.

Fortunately, the Group's healthcare and life sciences investments are less sensitive to macroeconomic fundamentals and fluctuations and the Group remains excited about the prospects of these investments, Plethora Solutions Holdings plc in particular, as it further executes its strategy to bring its headline product, Fortacin, a treatment for premature ejaculation, to market via partners with the sales, marketing and distribution infrastructure to maximize the commercial potential from the product.

In light of the Group's significant investments in listed securities, the Company will continue to closely monitor the markets and manage its investments as it does in the ordinary discharge of its business.

However, in these challenging market and economic conditions, opportunities are presenting themselves as valuations are becoming attractive and with the Group's strong financial position it is actively pursuing acquisitions.

4 MATERIAL ADVERSE CHANGE

On 12 January 2015, the Company issued a profit warning to inform the Shareholders and potential investors that the Group is expected to record a significantly reduced loss attributable to the equity holders of the Company for the year ended 31 December 2014, by between approximately 50% and 70%, when compared to the loss of US\$25.73 million (or approximately HK\$200.69 million) for the corresponding year in 2013, largely due to the gain from bargain purchase of an associate of US\$23.71 million (or approximately HK\$184.94 million) for the year ended 31 December 2014, the effect of which has been offset somewhat by the increase of shared loss of associates of US\$6.35 million (or approximately HK\$49.53 million) from US\$0.42 million (or approximately HK\$3.28 million) for the year ended 31 December 2013 to US\$6.77 million (or approximately HK\$52.81 million) for the year ended 31 December 2014.

The unaudited total unrealised and realised losses in respect of the Company's listed and unlisted equity portfolio of investments and other financial instruments was approximately US\$12.44 million

(or approximately HK\$97.03 million) for the year ended 31 December 2014, which was disappointing in light of the performance during the first half of the financial year 2014, where the loss was US\$0.42 million (or approximately HK\$3.28 million), largely due to the aggressive sell off of gold and energy related equities resulting from challenging or deteriorating price across both gold and crude oil.

Save as disclosed in this circular, the Directors are not aware of any material adverse changes in the financial or trading position of the Group since 31 December 2013 to which the latest published audited accounts of the Group were made up.

1 RESPONSIBILITY STATEMENT

This circular, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the HK Listing 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 HK Stock 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 [#] | Subscription price per share (HK\$) | Exercise period [#] | Number of shares subject to vested options [#] | 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 |

[#] 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 HK Stock 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 James Mellon (Non-Executive Co-Chairman of the Company currently holding, by himself and his associates, 15.23 per cent of the total issued share capital of the Company), a First Sale Purchaser named in the First Sale Agreement, 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 HK Listing 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) 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 15.48 per cent of its total issued share capital.

(2) 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).

(3) Kuala Limited

Kuala Limited (“**Kuala**”, AIM: KUL) is an AIM listed company, aiming to invest in and/or acquire companies and/or projects within the natural resources and/or energy sector with potential for growth.

Stephen Dattels is the executive chairman of the board of Kuala, 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 16.78 per cent of its total issued share capital; and
- James Mellon (through his associate) held approximately 7.38 per cent of its total issued share capital.

(4) 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 (having stepped down from the chairman of its board of directors on 21 May 2014), 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 in China. 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 HK Listing Rules.

Further, the Company established a connected transactions committee on 20 October 2008 to review and monitor any conflict of interests that the Group may have with any of its directors, employees or members and, moreover, any actual or potential connected or related party transaction (including connected transactions exempted under the HK Listing Rules) that the Group is proposing to enter into, including any approvals thereof. The committee comprises Julie Oates (the Chairlady), Jamie Gibson and Mark Searle.

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 2013 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 HK Stock 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: All amounts dominated in GBP and A\$ referred to in this paragraph have been translated into US\$ and HK\$ using the exchange rates quoted in the respective announcements issued by the Company in relation to the contracts.

(1) BC Iron Limited:

A placing agreement dated 16 January 2013 (after receipt of the shareholder approval of the specific mandate at the Company's extraordinary general meeting held on 16 January 2013 for the Directors to effect disposal(s) from time to time of up to 24,022,698 shares ("**BCI Share(s)**") in BC Iron Limited ("**BCI**", an ASX-listed company) then held by the Company) was entered into by the Company with Macquarie Capital Securities Limited (the "**Placing Agent**"), pursuant to which the Company agreed to sell and the Placing Agent agreed to place the Company's entire holding of 24,002,698 BCI Shares to certain institutional placees on an underwritten basis (the "**Placing**"). The final pricing of the Placing of A\$3.40 (or approximately US\$3.59 or HK\$28.00) per BCI Share was determined pursuant to a bookbuild, and the Placing provided the Company with gross proceeds (before expenses and taxes) of A\$81,609,173 (or approximately US\$86,187,448 or HK\$672,262,094) (as announced by the Company on 16 January 2013).

(2) Trinity Exploration & Production plc:

A placing and confirmation letter dated 25 January 2013 was executed by the Company, acting through its broker, with Bayfield Energy Holdings plc ("**Bayfield**", an AIM-listed company, which merged with Trinity Exploration & Production Limited (a private limited liability company) to form Trinity Exploration & Production plc ("**New Trinity**", an AIM-listed company) in February 2013), pursuant to which the Company agreed to subscribe, at GBP 0.12 (or approximately US\$0.19 or HK\$1.48) per new share in Bayfield ("**Bayfield Share(s)**"), for up to 20,500,000 new Bayfield Shares for an aggregate amount of up to GBP 2,461,001 (or approximately US\$3,885,674 or HK\$30,308,257) in cash, which were consolidated into 2,050,000 shares in New Trinity ("**New Trinity Shares**") following the share consolidation of Bayfield Shares on a "one for ten" basis prior to its re-admission to trading on AIM in the form of New Trinity Shares upon completion of the merger and the placing (as announced by the Company on 28 January 2013). The subscription was completion on 14 February 2013.

(3) Condor Gold plc:

A subscription agreement dated 15 February 2013 was executed by the Company with Condor Gold plc ("**Condor**", a limited liability company dually listed on AIM and Frankfurt Stock Exchange), pursuant to which: (i) the Company agreed to subscribe for up to 6,250,000 new shares in Condor ("**Condor Share(s)**") at GBP 1.60 (or approximately US\$2.48 or HK\$19.34) per Condor Share in cash, for an aggregate consideration of GBP 10,000,000 (or approximately US\$15,493,000 or HK\$120,845,400); (ii) in consideration for agreeing to

underwrite the offer by Condor (as announced by Condor on 15 February 2013), the Company should be issued with 12,500 new Condor Shares (being an underwriting fee of 1 per cent of GBP 2,000,000 (or approximately US\$3,098,600 or HK\$24,169,080), payable in new Condor Shares and calculated by reference to the subscription price of GBP 1.60 (or approximately US\$2.48 or HK\$19.34) per Condor Share); and (iii) the Company should be issued with the registered warrants of Condor on a one for three basis to subscribe, in aggregate, for up to 2,083,333 new Condor Shares at GBP 2.20 (or approximately US\$3.41 or HK\$26.60) per Condor Share, which were to be exercisable for a period of two years from 1 March 2013 at the exercise of GBP 2.20 (or approximately US\$3.41 or HK\$26.60) for each Condor Share, at an aggregate consideration of GBP 4,583,333 (or approximately US\$7,100,958 or HK\$55,387,472) (as announced by the Company on 15 February 2013). The subscription was completed on 22 February 2013.

An update was announced on 22 March 2013.

(4) Australian tax on disposal of BCI Shares:

The Settlement Deed and Specific Security Deed, as further described in Paragraph 1 titled “Indebtedness of the Group” in Appendix I (Financial information of the Group) to this circular.

(5) Venturex Resources Limited:

A firm commitment was executed by the Company on 27 May 2013 with Venturex, Resources Limited (“**Venturex**”, an ASX-listed company), pursuant to which the Company agreed to subscribe, at A\$0.02 (or approximately US\$0.019 or HK\$0.148) per share in Venturex (“**Venturex Share(s)**”) in cash, for approximately 79,708,297 new Venturex Shares by taking up its full entitlement under the entitlements issue by Venturex (as announced by Venturex on 17 and 30 April 2013) in respect of the Company’s holding of Venturex Shares, for an aggregate amount of cash consideration of A\$1,594,166 (or approximately US\$1,538,689 or HK\$12,001,774) (as announced by the Company on 27 May 2013). The subscription was completed on 4 June 2013.

(6) Plethora Solutions Holdings plc:

(a) A subscription agreement dated 14 October 2013 was executed by the Company with Plethora Solutions Holdings plc (“**Plethora**”, an AIM-listed company), pursuant to which the Company agreed to subscribe, at GBP 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 GBP 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 GBP 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 GBP 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 GBP 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.

(7) Binary Holdings Ltd.:

- (a) The First Sale Agreement dated 16 January 2015 was executed by the Company with: (i) JYS (BVI) Ltd.; (ii) Jean-Yves Sireau; (iii) Binary; (iv) James Mellon; and (v) Capital International (Nominees) Limited (being the nominee of a pension fund, of which Anderson Whamond is the sole beneficiary) in respect of the First Sale (as announced by the Company on 16 January 2015).
- (b) (i) The notice of consent dated 24 February 2015 (the “**Notice of Consent**”) 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; and
- (ii) The Third Parties Sale 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 Third Parties Sale

(as announced by the Company on 4 March 2015).

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 I (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 EXPERT AND CONSENT

- (a) The following is the qualification of the expert who has given opinion and advice, which is included in this circular:

| Name | Qualification |
|-----------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Altus Capital Limited | a corporation 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 |

- (b) As at the Latest Practicable Date, the expert 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 expert set out above has given and has not withdrawn its written consent to the issue of this circular, with the inclusion of its statement (as of the date specified in the report/statement) and/or the references to its name and/or its opinion in the form and context in which they are included.
- (d) As at the Latest Practicable Date, the expert set out above did not have any interests, whether direct or indirect, in any assets which had been, since 31 December 2013 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 Wednesday, 1 April 2015 and at the Extraordinary General Meeting to be held on Thursday, 2 April 2015:

- (a) the Memorandum and Articles of Association;
- (b) the contracts referred to in the paragraph titled "Material contracts" in this appendix, including the First Sale Agreement, and the Notice of Consent and the Third Parties Sale Agreement;

- (c) the letter dated 16 March 2015 issued by the Independent Financial Adviser set out in Pages 32 to 54 of this circular;
- (d) the consent letter referred to in the paragraph titled “Expert and consent” in this appendix;
- (e) the annual reports of the Company for the years ended 31 December 2012 and 2013 respectively; and
- (f) this circular.

NOTICE OF EXTRAORDINARY GENERAL MEETING



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 Thursday, 2 April 2015 at 11:00 am to consider and, if thought fit, approve (with or without amendments) the following resolution (*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) (i) the disposal by the Company of, in aggregate, 708,584 shares (“**Binary Share(s)**” or “**Sale Share(s)**”) in Binary Holdings Ltd. (“**Binary**”) to: (1) Jean-Yves Sireau (187,796 Binary Shares, by way of a share transfer); (2) Binary (375,591 Binary Shares, by way of a selective share buy-back); (3) James Mellon (125,197 Binary Shares, by way of a share transfer); and (4) Capital International (Nominees) Limited (“**CINL**”, being the nominee of a pension fund, of which Anderson Whamond is the sole beneficiary) (20,000 Binary Shares, by way of a share transfer) (collectively the “**First Sale Purchasers**”) for US\$15.9748152 per Binary Share, or an aggregate consideration of US\$11,319,498.46, in cash, before interest, pursuant to the sale and purchase agreement dated 16 January 2015 (the “**First Sale Agreement**”) entered into by the Company with JYS (BVI) Ltd., Jean-Yves Sireau, Binary, James Mellon and CINL (as the nominee for Anderson Whamond) (the “**First Sale**”), details of which are set out in the circular issued by the Company on 16 March 2015 (the “**Circular**”) (copies of the First Sale Agreement and the Circular are produced at the meeting marked “A” and “B” respectively and signed by the chairman of the meeting for the purpose of identification);
- (ii) the possible disposal by the Company of, in aggregate, up to 230,394 Binary Shares to: (1) Jean-Yves Sireau (61,061 Binary Shares, by way of a share transfer); (2) Binary (122,122 Binary Shares, by way of a selective share buy-back); (3) James Mellon (40,707 Binary Shares, by way of a share transfer); and (4) CINL (as the nominee for Anderson Whamond) (6,503 Binary Shares, by way of a share transfer) for no less than US\$15.9748152 per Binary Share, or an aggregate consideration of US\$3,680,501.57, in cash, before interest, pursuant to the First Sale Agreement, in the event that the

NOTICE OF EXTRAORDINARY GENERAL MEETING

Third Parties Sale Agreement (as defined in Ordinary Resolution numbered 2(a)(i) below) does not complete as planned and no other binding sale and purchase agreement(s) have been entered into by the Company with third parties in respect of up to 230,394 Binary Shares on or before the expiry of six months from the date of the First Sale Agreement (or, in any event, such other date as may be agreed among the parties thereto) (the “**First Sale Long Stop Date**”) pursuant to the Third Parties Sale (as intended by the Company and referred to in Ordinary Resolution numbered (2) below) and that each of the First Sale Purchasers shall have the right to acquire his/its pro-rata share (calculated by dividing the number of Sale Shares allocated to each First Sale Purchaser in the First Sale Agreement by the total number of Sale Shares) of the unsold Third Parties Sale Shares (as referred to in Ordinary Resolution numbered (2) below) on exactly the same terms provided in the First Sale Agreement, including the same consideration per Binary Share as is payable for the First Sale Shares, within five Business Days (as defined therein) of the First Sale Long Stop Date, unless otherwise agreed between the parties; and

- (iii) the deferred consideration in the amount of US\$5,659,749.23, together with any interest at the rate of 8 per cent per annum to be calculated and accrue daily in respect of any and all unpaid sums from (and including) the date of closing of the First Sale, payable in cash pursuant to the First Sale Agreement within 18 months of the date of closing of the First Sale, which constitute financial assistance to each of the First Sale Purchasers under Chapters 14 and 14A of The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited

be and is hereby approved; and

- (b) 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 First Sale Agreement.”

2. AS AN ORDINARY RESOLUTION

“**THAT:**

- (a) (i) conditional upon the passing of Ordinary Resolution numbered (1) above, the disposal by the Company of, in aggregate, 230,394 shares (“**Binary Share(s)**” or “**Sale Share(s)**”) in Binary Holdings Ltd. (“**Binary**”), in each case by way of a share transfer, to: (1) Euroblue Investments Limited (187,796 Binary Shares); (2) Capital International (Nominees) Limited (“**CINL**”, being the nominee of a pension fund, of which Anderson Whamond is the sole beneficiary) (20,000 Binary Shares); and (3) five independent individuals (in aggregate, 22,598 Binary Shares) (collectively the “**Third Parties Sale Purchasers**”) for US\$15.9748152 per Binary Share, or an aggregate consideration of US\$3,680,501.57, in cash, before interest, pursuant to the sale and purchase agreement dated 4 March 2015 (the “**Third Parties Sale**”

NOTICE OF EXTRAORDINARY GENERAL MEETING

Agreement”) entered into by the Company with Euroblue Investments Limited, CINL (as the nominee for Anderson Whamond) and five independent individuals (the **“Third Parties Sale”**), details of which are set out in the circular issued by the Company on 16 March 2015 (the **“Circular”**) (copies of the Third Parties Sale Agreement and the Circular are produced at the meeting marked “C” and “B” respectively and signed by the chairman of the meeting for the purpose of identification); and

- (ii) the deferred consideration in the amount of US\$1,840,250.79, together with any interest at the rate of 8 per cent per annum to be calculated and accrue daily in respect of any and all unpaid sums from (and including) the date of closing of the Third Parties Sale, payable in cash pursuant to the Third Parties Sale Agreement within 18 months of the date of closing of the Third Parties Sale, which constitute financial assistance to each of the Third Party Sale Purchasers under Chapter 14 and, if applicable, Chapter 14A of The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited

be and is hereby approved; and

- (b) 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 Third Parties Sale Agreement.”

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, 16 March 2015

NOTICE OF EXTRAORDINARY GENERAL MEETING

Notes:

1. Shareholders are recommended to read the shareholders' circular dated 16 March 2015 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) and the HK Stock Exchange (www.hkexnews.hk) to notify shareholders of the date, time and place of the re-scheduled meeting.