



Regent Pacific Group Limited

(Incorporated in the Cayman Islands with Limited Liability)

Stock Code: 0575

28 May 2015

ANNOUNCEMENT

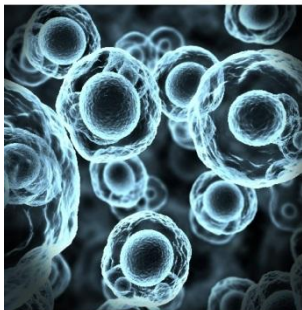
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CONNECTED TRANSACTION: SUBSCRIPTION OF NEW SHARES IN THE DIABETIC BOOT COMPANY LIMITED

SUMMARY

This announcement is made by the Company in compliance with the disclosure requirements under Chapter 14A of the HK Listing Rules.

On 28 May 2015, (after market close in Hong Kong), the Company (as a new investor) entered into the Subscription Agreement with: (i) Leslie Lindsay (as the founder of Diabetic Boot); and (ii) Diabetic Boot in respect of the subscription by the Company, at GBP 13.37 (or approximately US\$20.68 or HK\$161.30) per Diabetic Boot Share in cash, of 89,753 new Diabetic Boot Shares of GBP 0.001 each, for an aggregate consideration of GBP 1,199,997.61 (or approximately US\$1,856,156.30 or HK\$14,478,019.14), as detailed in this announcement.





TRANSACTION HIGHLIGHTS

- Diabetic Boot has an exciting product, Pulseboot[®] with a novel combination of technologies;
- Key patents granted in major markets with further patents pending for enhanced intellectual property protection;
- Clinical proof of concept for intermittent plantar compression demonstrated in diabetic foot ulcers;
- Pulseboot approved for sale in Europe under CE mark;
- U.S. FDA 510(k) application submitted in March 2015 with approval anticipated in Q3 2015;
- Diabetic foot ulcers represent a market opportunity in excess of US\$1 billion annually for Pulseboot in key markets;
- Diabetic Boot has multiple distribution agreements in place with commercial partners globally;
- Significant sales anticipated in Asia Pacific which fits with the Company's strategy of acquiring interests in life science with applications in Asian markets; and
- Diabetic population in China alone stands around 130 million while approximately 490 million have pre-diabetes highlighting the importance of diabetes as a public health problem in China.

Completion has taken place on the date of the Subscription Agreement, upon the parties thereto having performed their respective obligations thereunder.

Prior to entering into the Subscription Agreement, the Company did not hold any interests in the Diabetic Boot Shares.

Upon Completion (and after the conversion of all outstanding convertible loans as referred to in the paragraph headed "Convertibles of Diabetic Boot"), the Company holds 89,753 Diabetic Boot Shares, representing approximately 18.50 per cent of the enlarged issued share capital of Diabetic Boot.

At Completion, the Company also entered into the Deed of Adherence with Diabetic Boot, pursuant to which the Company has undertaken to all parties to the Investment Agreement to adhere to and be bound by the provisions thereof, and to perform the obligations imposed by the Investment Agreement which are to be performed on or after the date of the Deed of Adherence, as if the Company were a party to the Investment Agreement and named in that agreement as a new investor, with the rights and obligations as detailed in this announcement.



The subscription of 89,753 new Diabetic Boot Shares constituted a connected transaction of the Company under Chapter 14A of the HK Listing Rules, but was exempted from the circular (including independent financial advice) and shareholders' approval requirements under the de minimis provisions of Rule 14A.76(2) of Chapter 14A of the HK Listing Rules. The views of the Independent Non-Executive Directors on the Subscription are set out in this announcement.

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

This announcement is made by the Company in compliance with the disclosure requirements under Chapter 14A of the HK Listing Rules.

The Company announces that it has subscribed for 89,753 new Diabetic Boot Shares of GBP 0.001 each at GBP 13.37 (or approximately US\$20.68 or HK\$161.30) per Diabetic Boot Share in cash, for an aggregate consideration of GBP 1,199,997.61 (or approximately US\$1,856,156.30 or HK\$14,478,019.14) pursuant to the Subscription Agreement, details of which are set out in this announcement.

The Subscription Agreement

On 28 May 2015, (after market close in Hong Kong), the Company entered into the Subscription Agreement in respect of the subscription by the Company, at GBP 13.37 (or approximately US\$20.68 or HK\$161.30) per Diabetic Boot Share in cash, of 89,753 new Diabetic Boot Shares of GBP 0.001 each, for an aggregate consideration of GBP 1,199,997.61 (or approximately US\$1,856,156.30 or HK\$14,478,019.14). Further details of the Subscription Agreement are set out below.

(a) **Date**

28 May 2015

(b) **Parties**

The Company (as a new investor) with:

- (i) Leslie Lindsay (as the founder of Diabetic Boot); and
- (ii) Diabetic Boot



(c) **Diabetic Boot Shares subscribed for by the Company**

89,753 new Diabetic Boot Shares

(d) **Consideration**

GBP 13.37 (or approximately US\$20.68 or HK\$161.30) per Diabetic Boot Share in cash or an aggregate consideration of GBP 1,199,997.61 (or approximately US\$1,856,156.30 or HK\$14,478,019.14) paid at Completion by the Company to Diabetic Boot

(e) **Matters effected prior to Completion**

Prior to Completion, the following matters were effected:

- (i) the passing of resolutions by the directors of Diabetic Boot, in the agreed form, at a duly convened board meeting;
- (ii) the passing of resolutions of shareholders of Diabetic Boot to:
 - waive pre-emption rights in respect of the allotment and issue of the Subscription Shares; and
 - grant the directors of Diabetic Boot authority to allot the Subscription Shares;
- (iii) the delivery by Diabetic Boot to the Company of the 2015 Business Plan;
- (iv) the delivery of the disclosure letter from Diabetic Boot and the Founder to the Company, executed and delivered immediately before Completion together with the bundle of documents attached to it, each in the agreed form; and
- (v) the execution of the Deed of Adherence by the Company.

(f) **Completion**

Completion has taken place on the date of the Subscription Agreement, upon the parties thereto having performed their respective obligations thereunder (including those obligations referred to in sub-paragraph (e) headed “Matters to be effected prior to Completion” above).



Convertibles of Diabetic Boot

(a) Convertible loans

It is noted that prior to the entering into of the Subscription Agreement, Diabetic Boot had convertible loans owed to various parties in the principal amount of GBP 680,000 (or approximately US\$1,051,824 or HK\$8,204,227.20) with an interest rate accrued at 6 per cent per annum. The Subscription has triggered the automatic conversion of the outstanding principal, together with the accrued interest, of these loans into Diabetic Boot Shares at a 10 per cent discount of the Subscription Price (being GBP 12.033 (or approximately US\$18.61 or HK\$145.16)) at Completion.

At Completion, the above convertible loans, together with the accrued interest of an aggregate amount of GBP 27,846.58 (or approximately US\$43,073.09 or HK\$335,970.10), have been converted into 58,826 new Diabetic Boot Shares at GBP 12.033 (or approximately US\$18.61 or HK\$145.16) per Diabetic Boot Share.

(b) Share options

It is also noted that Diabetic Boot has an outstanding share option held by an independent third party in respect of 1,326 Diabetic Boot Shares, which can be exercised at the price of GBP 5.09 (or approximately US\$7.87 or HK\$61.39), for an aggregate amount of GBP 6,749.34 (or approximately US\$10,439.88 or HK\$81,431.06), on or before 30 November 2022.

The Subscription

Prior to entering into the Subscription Agreement, the Company did not hold any interests in the Diabetic Boot Shares, and it is noted that:

- James Mellon (the Company's Non-Executive Co-Chairman of the Board), by himself and together with his associate (Galloway) held, since the date of the Investment Agreement (being 26 November 2013), an aggregate of 108,055 Diabetic Boot Shares, representing approximately 32.11 per cent of the existing issued share capital of Diabetic Boot;
- Stephen Dattels (the Company's Non-Executive Co-Chairman of the Board) did not hold any interests in the Diabetic Boot Shares, but held, through his associate (Regent Mercantile), a convertible loan note in respect of Diabetic Boot in the principal amount of GBP 150,000 (or approximately US\$232,020 or HK\$1,809,756), which, together with the accrued interest of the amount of GBP 6,287.67 (or approximately US\$9,725.77 or HK\$75,861.01), was automatically converted into 12,989 new Diabetic Boot Shares at



GBP 12.033 (or approximately US\$18.61 or HK\$145.16) per Diabetic Boot Share at Completion; and

- Anthony Baillieu (whose connection with the Company is detailed in the paragraph headed “Background on Anthony Baillieu” below) did not hold any interests in the Diabetic Boot Shares, but held, through a nominee company owned by his family which holds shares and cash to the individual family members’ accounts, a convertible loan note in respect of Diabetic Boot in the principal amount of GBP 50,000 (or approximately US\$77,340 or HK\$603,252), which (being held in his individual account), together with the accrued interest of the amount of GBP 2,005.48 (or approximately US\$3,102.08 or HK\$24,196.22), was automatically converted into 4,322 new Diabetic Boot Shares at GBP 12.033 (or approximately US\$18.61 or HK\$145.16) per Diabetic Boot Share at Completion.

Upon Completion (and after the conversion of all outstanding convertible loans as referred to in the paragraph headed “Convertibles of Diabetic Boot” above):

- the Company holds 89,753 Diabetic Boot Shares, representing approximately 18.50 per cent of the enlarged issued share capital of Diabetic Boot;
- James Mellon, by himself and together with his associate (Galloway), continues to hold 108,055 Diabetic Boot Shares, representing approximately 22.28 per cent of the enlarged issued share capital of Diabetic Boot;
- Stephen Dattels holds, through his associate (Regent Mercantile), 12,989 Diabetic Boot Shares, representing approximately 2.68 per cent of the enlarged issued share capital of Diabetic Boot; and
- Anthony Baillieu holds, through a nominee company owned by his family which holds shares and cash to the individual family members’ accounts, 4,322 Diabetic Boot Shares, representing approximately 0.89 per cent of the enlarged issued share capital of Diabetic Boot (which are being held in his individual account).

The subscription of 89,753 new Diabetic Boot Shares constituted a connected transaction of the Company under Chapter 14A of the HK Listing Rules, but was exempted from the circular (including independent financial advice) and shareholders’ approval requirements under the de minimis provisions of Rule 14A.76(2) of Chapter 14A of the HK Listing Rules.



Basis of consideration

The consideration paid in respect of the subscription of 89,753 new Diabetic Boot Shares pursuant to the Subscription Agreement was determined on normal commercial terms and negotiated on an arm's length basis between the relevant parties including by reference to comparable deals in the medical device and wound healing sector.

The Directors (including the Independent Non-Executive Directors) consider the terms of the Subscription Agreement 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 Subscription Agreement are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

In respect of the Company's projected interests in Diabetic Boot, the Company's attributable share (being 18.50 per cent at Completion, having taken into account the conversion of all outstanding loans as referred to in the paragraph headed "Convertibles of Diabetic Boot" above) of Diabetic Boot's: (i) net loss for the 15 months period ended 30 June 2014 from continued operations is GBP 645,305 (or approximately US\$998,157.77 or HK\$7,785,630.61); and (ii) net loss for the financial year ended 31 March 2013 from continued operations is GBP 185,944 (or approximately US\$287,618.18 or HK\$2,243,421.80), both before taxation.

In respect of the Company's projected interests in Diabetic Boot, the Company's attributable share (being 18.50 per cent at Completion, having taken into account the conversion of all outstanding loans as referred to in the paragraph headed "Convertibles of Diabetic Boot" above) of Diabetic Boot's: (i) net loss for the 15 months period ended 30 June 2014 from continued operations is GBP 635,739 (or approximately US\$983,361.09 or HK\$7,670,216.50); and (ii) net loss for the financial year ended 31 March 2013 from continued operations is GBP 185,944 (or approximately US\$287,618.18 or HK\$2,243,421.80), both after taxation.

The net asset value of Diabetic Boot was GBP 287,258 (or approximately US\$444,330.67 or HK\$3,465,779.23) as at 30 June 2014, as set out in Diabetic Boot's latest audited accounts for the 15 months period ended 30 June 2014.

Deed of Adherence

At Completion, the Company also entered into the Deed of Adherence with Diabetic Boot, pursuant to which the Company has undertaken to all parties to the Investment Agreement to adhere to and be bound by the provisions thereof, and to perform the obligations imposed by the Investment Agreement which are to be performed on or after the date of the Deed of Adherence, as if the Company were a party to the Investment Agreement and named in that agreement as a new investor.



In the Investment Agreement, shareholders of Diabetic Boot are categorised under:

- “Founder” – Leslie Lindsay;
- “Existing Investor(s)” – the shareholders of Diabetic Boot existed prior to the date of the Investment Agreement;
- “New Investor(s)” – including the Company, James Mellon and Galloway, who, collectively with the Existing Investors”, are referred to as the “Investors”;
- “Other Shareholder(s)” – the shareholders of Diabetic Boot other than the Founder, the Existing Investors and the New Investors; and
- Lead Investor(s) – the shareholders of Diabetic Boot currently or subsequently holding not less than 10 per cent of the Diabetic Boot Shares (including James Mellon (himself or together with Galloway) and the Company).

Shareholders please note that the Investment Agreement and the Articles of Association provide the Company (as a new investor) with the following rights and obligations:

(a) Appointment of directors

For so long as the Lead Investors (including the Company) hold not less than 10 per cent of the issued and outstanding Diabetic Boot Shares, the Lead Investors shall have the right: (i) to appoint and maintain in office one natural person as a director of Diabetic Boot (and as a member of each and any committee of the board of directors of Diabetic Boot); or and in the alternative (ii) to appoint a representative to attend as an observer at each and any meeting of the board of directors of Diabetic Boot or any committee thereof (who will be entitled to speak at such meetings but not vote). Separate and distinct from the Company’s appointment rights, James Mellon currently has one nominee acting as his nominee director to the board of Diabetic Boot.

(b) Accounting, business plan and information rights

- (i) Apart from the maintenance of accurate and complete accounting and other financial records by Diabetic Boot, the Founder shall procure that Diabetic Boot shall prepare a business plan for Diabetic Boot for each financial year, which business plan shall include a budget, financial projections and cash flow forecasts, and shall deliver a copy to the Investors (including the Company) for their comments by not later than 30 days prior to the beginning of the relevant financial year. Each business plan shall require the approval of the board of directors of Diabetic Boot (including the approval of each of the director appointed by a Lead Investor (the “**Lead Investor Director(s)**”).



- (ii) Diabetic Boot shall, and the Founder shall procure that Diabetic Boot shall, provide the Investors (including the Company) promptly with such other information concerning Diabetic Boot and its business as the Investors may reasonably require from time to time, including without limitation, reasonable access to Diabetic Boot's personnel and auditors.
 - (iii) The Lead Investor Directors may, from time to time, make full but confidential disclosure to the Investors (including the Company) or any of them of any information relating to Diabetic Boot.
- (c) Matters requiring consent by Investors and Lead Investor Directors
- (i) Diabetic Boot undertakes to the Investors (including the Company) that it shall not take any actions, and each of the Founder and the Other Shareholders undertakes to the Investors (as a separate covenant by each of them) to procure that, without the prior written consent of the holder for the time being of not less than 75 per cent by nominal value of the Diabetic Boot Shares held by the Investors, Diabetic Boot shall not take any actions to (including):
 - amend its Articles of Association of Diabetic Boot;
 - create, allot or issue any shares or securities or enter into any agreement to create, allot or issue any option, warrant or other right (including any conversion right) in respect thereof;
 - alter (including reductions of) the share capital;
 - dispose of the whole (or part) of its undertaking, other than stock in the normal course of business;
 - merger it (or any part of its business) with any other person or propose to do so;
 - establish, wind up or otherwise terminate any subsidiary or branch or enter into any joint venture;
 - allow it to cease (or propose to cease) to carry on its business or wind up or otherwise render it insolvent, unless fiduciary duties of its directors of require otherwise;
 - declare or pay any dividend;
 - encumber or otherwise securitise any of its assets;
 - make any material change to the nature of its business;
 - settle litigation for a sum in excess of GBP25,000;
 - apply the funds raised for any purpose other than as expressly contemplated in its latest business plan; and
 - enter into negotiations, or reach agreement, for it to sell any significant asset or part of its business, assets or undertaking, other than current assets.



(ii) Diabetic Boot undertakes to the Investors (including the Company) that without the prior consent of each Lead Investor Director appointed from time to time, it shall not take any actions, and each of the Founder and the Other Shareholders undertakes to the Investors (as a separate covenant by each of them) to procure that, without the prior written consent of each Lead Investor Director or the affirmative vote of each Lead Investor Director at a meeting of Diabetic Boot's board of directors, Diabetic Boot shall not take any actions to (including):

- approve or materially amend any business plan;
- acquire or dispose of any asset or property or incur capital expenditure on any one item or series of related items at an aggregate price exceeding GBP 30,000;
- borrow any money (and give security related to any such borrowing) over GBP 25,000;
- enter into material contracts in respect of an amount exceeding GBP 40,000 or which cannot be terminated within 6 months;
- change the composition of the board of directors;
- make incentivisation arrangements, as well as arrangements in which an employee is personally interested;
- approve its statutory accounts;
- appoint and remove of its auditors and bankers;
- make any loan or provide any guarantee or indemnity; and
- terminate or vary any material contracts.

(d) Pre-emptive rights

(i) Any Diabetic Boot Share or any interest in any Diabetic Boot Share held by a member who is an individual may be transferred to:

- the father, mother, stepfather or stepmother of a member or to any lineal descendant of such father, mother, stepfather or stepmother or to the wife, husband, civil partner, widow, widower or surviving civil partner of such lineal descendant; or
- a trustee or trustees upon any settlement for the benefit exclusively of a member or one or more of the family of a member.



- (ii) Any Diabetic Boot Shares held by an Investor or any interest held in them may be transferred to or otherwise disposed of to:
- a “**Permitted Investor Transferee**” which is:
 - in relation to any corporate Investor, any member for the time being an associated company of the Investor;
 - any body corporate controlled by that Investor or any of its associated company;
 - any investment syndicate, fund, trust or partnership controlled, managed, advised or promoted by that Investor or its associated companies; or
 - any trustee or manager or beneficiary or shareholder of partner or unitholder or other participant in or of that Investor or any investment syndicate, fund, trust or partnership referred to above; or
 - a member who is already an Investor (or a person who is a Permitted Investor Transferee of that member).
- (iii) Unless otherwise approved by a special resolution and with the consent by the holders for the time being of not less than 75 per cent by nominal value nominal value of the Diabetic Boot Shares held by the Investors, all equity securities of Diabetic Boot shall, before allotment, be offered to such persons as at the date of the offer are entitled to receive notices from Diabetic Boot of general meetings in proportion, as nearly as the circumstances admit, to the number of existing Diabetic Boot Share held by them.

(e) Tag along rights

No sale or transfer of any Diabetic Boot Shares shall be made which would result if made and registered (when taken together with all other proposed contemporaneous sales or transfers of Diabetic Boot Shares) in a person or persons obtaining:

- (i) a “Significant Interest” (being not less than 30 per cent and not more than 50 per cent of the total voting rights conferred by all the Diabetic Boot Shares in the equal share capital of Diabetic Boot for the time being in issue); or
- (ii) a “Controlling Interest” (being an interest in Diabetic Boot Shares giving to the holder or holders control of Diabetic within the meaning of Section 993 of the Income Tax Act 2007),



in Diabetic Boot, unless the proposed transferee or transferees have made an offer to purchase, in the case of the “Significant Interest” referred to in sub-paragraph (i) above, such proportionate number of Diabetic Boot Shares from each other shareholder (including where relevant any Diabetic Boot Shares to be issued on the exercise of any outstanding share options) as is equal to the Significant Interest or, in the case of the “Controlling Interest” referred to in sub-paragraph (ii) above, all the issued shares in Diabetic Boot and all Diabetic Boot Shares to be issued on the exercise of any outstanding share options.

(f) Drag along rights

If the holders of 75 per cent or more of the Diabetic Boot Shares in issue for the time being (the “**Selling Shareholders**”) wish to transfer all of their interest in the Diabetic Boot Shares to a bona fide arm’s-length purchaser (the “**Proposed Buyer**”), the Selling Shareholders shall, with the consent by the holders for the time being of not less than 75 per cent by nominal value nominal value of the Diabetic Boot Shares held by the Investors, have the option to require all the other holders of Diabetic Boot Shares on the date of the request (the “**Called Shareholders**”) to sell and transfer all their interest in Diabetic Boot Shares (including for these purposes any shares which the Called Shareholders have the right to acquire or subscribe for pursuant to options or otherwise) (the “**Called Shares**”) with full title guarantee to the Proposed Buyer (or as the Proposed Buyer may direct).

Background on Diabetic Boot

Diabetic Boot is a private single product medical device company based near Oxford, in the UK. Diabetic Boot is focussed on the treatment of diabetic foot ulcers (“**DFUs**”), which are a comorbidity of diabetes mellitus. The treatment of DFUs represents a significant commercial opportunity with the current standard of care and alternative therapies lacking efficacy.

Diabetic Boot’s lead product is Pulseboot which combines intermittent plantar compression with the current standard of care for the treatment of DFUs called offloading. Intermittent plantar compression as a mechanism of action has been shown in independent clinical studies to produce statistically significant improvements over placebo in wound closure.

In 2014, the prevalence of diabetes in the UK was 5.38 per cent of the total population. It is estimated that approximately 2.5% of diabetics have DFUs at any given time. These prevalence rates led the NHS in England to spend approximately GBP 1 in every GBP 150 on the treatment of DFUs and associated lower limb amputation. Similar rates of diabetes and ulceration are observed in other markets. The prevalence of diabetes in China is notably above that of the UK standing at 9.32% in 2014. In absolute number this represents the largest diabetic population by country at approximately 130 million people.



Pulseboot is approved for sale in Europe having been granted a CE mark in December 2013 as a Class IIa medical device. Diabetic Boot submitted an FDA 510(k) application for Pulseboot in March 2015 with approval expected to be granted by the end of the third quarter of 2015.

Diabetic Boot has distribution agreements in place in a number of geographies including Australia, Canada, New Zealand, Germany, Austria, Switzerland and Saudi Arabia. Diabetic Boot hopes to expand this list and the Company believes it is well placed to assist in particular in its local Asia Pacific region.

More information is available at <http://www.pulse-flow.co.uk/>.

Reasons for the Subscription of new Diabetic Boot Shares

The Company's stated strategy has been, and will continue to be, 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. As part of its extensive review of possible investment opportunities in the healthcare and life sciences sectors, the Subscription came about as a possible and exciting investment opportunity.

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. Engaging in an investment business is and remains the Group's principal business and the Subscription is consistent with this.

In light of Diabetic Boot's current business plan, the Company considers that there is a 'value-led' opportunity to acquire a meaningful stake in Diabetic Boot now, ahead of full commercialisation of its landmark product and a potential initial public offering of its shares on a recognised stock exchange.

Highlights of the reasons for the Subscription include:

- Diabetic Boot has an exciting product, Pulseboot® with a novel combination of technologies;
- Key patents granted in major markets with further patents pending for enhanced intellectual property protection;
- Clinical proof of concept for intermittent plantar compression demonstrated in diabetic foot ulcers;
- Pulseboot approved for sale in Europe under CE mark;



- U.S. FDA 510(k) application submitted in March 2015 with approval anticipated in Q3 2015;
- Diabetic foot ulcers represent a market opportunity in excess of US\$1 billion annually for Pulseboot in key markets;
- Diabetic Boot has multiple distribution agreements in place with commercial partners globally;
- Significant sales anticipated in Asia Pacific which fits with the Company's strategy of acquiring interests in life science with applications in Asian markets; and
- Diabetic population in China alone stands around 130 million while approximately 490 million have pre-diabetes highlighting the importance of diabetes as a public health problem in China.

In summary, the Board believes that the Subscription will add a high quality investment to its ever expanding healthcare and life sciences portfolio of investments which will serve as a key platform for growth going forward. The Board believes that the Subscription will deliver significant benefits to the Company, including providing the Company with greater exposure to the healthcare and life sciences market and, simultaneously, enhancing and diversifying the Company's investment portfolio, away from those investment more susceptible to macroeconomic influences.

The Directors (including the Independent Non-Executive Directors) consider the entering into of the Subscription Agreement 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 Subscription Agreement are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

Source of funds

The cash consideration paid in respect of the Subscription Agreement was funded from the working capital of the Company.

Connected transaction

Given that:

- (i) James Mellon (Non-Executive Co-Chairman of the Company currently holding, by himself and together with his associates, 15.35 per cent of the total issued share capital of the Company);
- (ii) Stephen Dattels (Non-Executive Co-Chairman of the Company currently holding, through his associate, 8.16 per cent of the total issued share capital of the Company);
- (iii) Anthony Baillieu (whose connection with the Company as detailed in the paragraph headed "Background on Anthony Baillieu" below) holding, through a nominee company



owned by his family which holds shares and cash to the individual family members' accounts, 0.0057 per cent of the total issued share capital of the Company (which are being held in his individual account),

all being existing shareholders of Diabetic Boot, are connected persons of the Group, the Subscription, constituted a connected transaction of the Company under Chapter 14A of the HK Listing Rules. However, none of the above-mentioned Directors has a material interest in the Subscription, and the Subscription was exempted from the circular (including independent financial advice) and shareholders' approval requirements under the de minimis provisions of Rule 14A.76(2) of 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 Subscription Agreement and their respective beneficial owner(s) and associate(s) was a third party independent of the Company and was not a connected person of the Group.

The purpose of this announcement is to provide the Shareholders with information on the details of the Company's subscription of new Diabetic Boot Shares under the Subscription Agreement in accordance with the HK Listing Rules.

Views of the Independent Non-Executive Directors

Having taken into account the terms and conditions of the Subscription, the Independent Non-Executive Directors are of the view that:

- the terms and conditions of the Subscription are fair and reasonable so far as the Company and the Independent Shareholders are concerned;
- the Subscription is on normal commercial terms and in the ordinary and usual course of business of the Group; and
- the Subscription is in the interests of the Company and the Shareholders as a whole.

Background on Anthony Baillieu

Anthony Baillieu (a national of both Australia and Great Britain) was previously a Director of the Company, who resigned from his position as a Non-Executive Director of the Company in October 2005. Mr Baillieu remains a director of two of the Company's insignificant and dormant subsidiaries, AstroEast.com Limited and AstroEast.com (Hong Kong) Limited, both being 50.99 per cent owned subsidiaries of the Company, since January 2000. Mr Baillieu currently holds, through a nominee company owned by his family, 0.0057 per cent of the total issued share capital of the Company.



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.

General

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

Definitions

In this announcement, the following expressions have the following meanings unless the context require otherwise:

“2015 Business Plan”	the business plan and financial forecasts, both dated 30 April 2015, of Diabetic Boot
“Articles of Association”	the articles of association of Diabetic Boot
“associate(s)”	shall have the meaning defined in the HK Listing Rules
“Board”	the board of directors of the Company
“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
“Completion”	the completion by the parties to the Subscription Agreement of their respective obligations thereunder
“connected person(s)”	shall have the meaning defined in Chapter 14A of the HK Listing Rules



“Deed of Adherence”	the deed of adherence entered into by the Company with Diabetic Boot at Completion, pursuant to which the Company has undertaken to all parties to the Investment Agreement to adhere to and be bound by the provisions thereof, and to perform the obligations imposed by the Investment Agreement which are to be performed on or after the date of the Deed of Adherence, as if the Company were a party to the Investment Agreement and named in that agreement as a new investor
“Diabetic Boot”	The Diabetic Boot Company Limited, a private limited liability company incorporated and registered in England and Wales
“Diabetic Boot Share(s)”	the ordinary shares of GBP 0.001 each in the capital of Diabetic Boot
“Director(s)”	the directors of the Company
“Existing Investor(s)”	as categorised in the Investment Agreement, being the shareholders of Diabetic Boot existed prior to the date of the Investment Agreement
“Founder”	Leslie Lindsay, being the founder shareholder of Diabetic Boot
“Galloway”	Galloway Limited, being a company wholly owned by the trustee of a settlement, of which James Mellon is the sole beneficiary
“GBP”	Great British Pounds, the lawful currency in the United Kingdom
“Group”	the Company and its subsidiaries
“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 Shareholder(s)”	the Shareholders excluding James Mellon, Stephen Dattels and Anthony Baillieu (and their respective associates)
“Investment Agreement”	the investment agreement dated 26 November 2013 entered into by Diabetic Boot with the existing shareholders of Diabetic Boot (before the Subscription)
“Lead Investor(s)”	as categorised in the Investment Agreement, including the shareholders of Diabetic Boot currently or subsequently holding not less than 10 per cent of the Diabetic Boot Shares (including James Mellon (himself or together with Galloway) and the Company)
“New Investor(s)”	as categorised in the Investment Agreement, including James Mellon and Galloway, who became the shareholders of Diabetic Boot pursuant to the Investment Agreement and, collectively with the Existing Investors, are referred to in the Investment Agreement as the “Investors”
“Other Shareholder(s)”	as categorised in the Investment Agreement, being the shareholders of Diabetic Boot other than the Founder, the Existing Investors and the New Investors
“Regent Mercantile”	Regent Mercantile Holdings Limited, being an investment company wholly owned by the trustee of a trust, of which Stephen Dattels is a discretionary beneficiary
“Shareholder(s)”	the holders of the Shares
“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



“Subscription”	the subscription by the Company of 89,753 new Diabetic Boot at GBP 13.37 (or approximately US\$20.68 or HK\$161.30) per Diabetic Boot Share in cash, for an aggregate consideration of GBP 1,199,997.61 (or approximately US\$1,856,156.30 or HK\$14,478,019.14) pursuant to the Subscription Agreement
“Subscription Agreement”	the subscription agreement entered into between: (i) the Company (as a new investor); (ii) Leslie Lindsay (as the founder of Diabetic Boot); and (iii) Diabetic Boot on 28 May 2015 (after market close in Hong Kong) in respect of the subscription by the Company, at GBP 13.37 (or approximately US\$20.68 or HK\$161.30) per Diabetic Boot Share in cash, of 89,753 new Diabetic Boot Shares, for an aggregate consideration of GBP 1,199,997.61 (or approximately US\$1,856,156.30 or HK\$14,478,019.14)
“Subscription Price”	GBP 13.37 (or approximately US\$20.68 or HK\$161.30), being the unit price of the Subscription
“Subscription Share(s)”	89,753 new Diabetic Boot Shares to be subscribed for by the Company pursuant to the Subscription Agreement
“UK”	the United Kingdom
“US”	the United States
“US\$”	United States dollars, the lawful currency of the United States

Note: Unless otherwise specified herein, (i) amounts dominated in GBP have been translated, for the purpose of illustration only, into US\$ using the exchange rate of GBP 1.00 = US\$1.5468; and (ii) 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.

On Behalf 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, 28 May 2015