



Regent Pacific Group Limited

(Incorporated in the Cayman Islands with Limited Liability)

Stock Code: 0575

20 April 2016

ANNOUNCEMENT

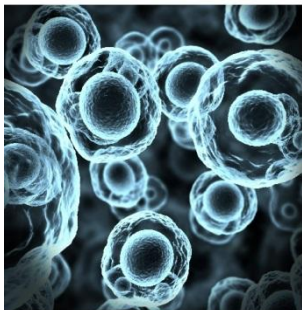
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CONNECTED TRANSACTION: FURTHER SUBSCRIPTION OF NEW SHARES IN THE DIABETIC BOOT COMPANY LIMITED

SUMMARY

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

Further to the Company's announcement on 28 May 2015, the Company is pleased to announce that on 19 April 2016 (after market close in Hong Kong) it entered into a Binding Term Sheet with Diabetic Boot in respect of a further conditional subscription for up to 130,434 new Diabetic Boot Shares each at GBP 23.00 (or approximately US\$32.84 or HK\$256.15) per Diabetic Boot Share in cash, together with up to 65,217 Fundraising Warrants each exercisable at GBP 26.45 (or approximately US\$37.76 or HK\$294.53), for an aggregate consideration of up to GBP 2,999,982 (or approximately US\$4,283,074 or HK\$33,407,977), as detailed in this announcement. The Binding Term Sheet was entered into in conjunction with Diabetic Boot's broader capital raising intentions of up to GBP 3.5 million (or approximately US\$5 million or HK\$39 million), inclusive of the Company's current and possible further subscriptions pursuant to the Regent Funding, which it expects to close in the next nine months from 19 April 2016, with the balance to be raised from other venture capital funds, high-net worth individuals or financial institutions.





The Regent Funding will be staged into three equal conditional tranches of GBP 999,994 (or approximately US\$1,427,691 or HK\$11,135,990) each in exchange for the issue of 43,478 new Diabetic Boot Shares and 21,739 Fundraising Warrants.

The Regent Funding (including all three tranches) is subject to and conditional upon the matters set out in section headed “Conditions to completion of the Regent Funding” of this announcement, which cannot be waived, immediately following the satisfaction of which (to be on or before 31 May 2016) the First Tranche will complete.

The Second Tranche is subject to and conditional upon the satisfaction by Diabetic Boot of the Second Tranche Performance Milestones set out in section headed “Performance milestones in respect of the Second Tranche” of this announcement (as determined by the Company, acting reasonably), unless waived by the Company in writing, on or before 30 September 2016.

The Third Tranche is subject to and conditional upon the satisfaction by Diabetic Boot of the Third Tranche Performance Milestones set out in section headed “Performance milestones in respect of the Third Tranche” of this announcement (as determined by the Company, acting reasonably), unless waived by the Company in writing, on or before 31 December 2016 and represents a right, but not an obligation, of the Company to elect to make such further subscription should it wish to do so.

Prior to entering into the Binding Term Sheet, the Company held 89,753 Diabetic Boot Shares representing 16.79 per cent. of its then issued share capital.

Subject to satisfaction of the relevant conditions and, as the case may require, milestones, upon completion of the First Tranche, the Second Tranche and, assuming that the Company elects, in its absolute discretion, to subscribe, the Third Tranche, the Company will hold 133,231, 176,709 and 220,187 Diabetic Boot Shares, representing approximately 23.04, 28.43 and 33.10 per cent. of the enlarged issued share capital of Diabetic Boot, respectively, which ignores any other Diabetic Boot Shares that Diabetic Boot may issue in conjunction with its broader capital raising intentions, exercise of Fundraising Warrants, outstanding options or otherwise.

The Binding Term Sheet also provides the Company with enhanced access and information rights as set out in this announcement.



In addition, upon completion of the First Tranche, the Company, together with all other relevant parties, will enter into the Amendment Agreement (to the Investment Agreement), pursuant to which the Company, together with the other parties to the Investment Agreement, will be provided with, among other things, a right to appoint and maintain in office two natural persons as directors of Diabetic Boot for so long as the Company (or any shareholder) and his permitted transferees holds in aggregate not less than 20 per cent. of the Diabetic Boot Shares in issue, further details of which are set out in this announcement.

The further conditional subscription of 86,956 new Diabetic Boot Shares and 43,478 Fundraising Warrants pursuant to the First Tranche and the Second Tranche constitute a connected transaction of the Company under Chapter 14A of the HK Listing Rules, but are exempt 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.

In the event that the Company elects (in its absolute discretion) to subscribe for the Third Tranche, the Company will reassess the implications of the HK Listing Rules at that time and will comply fully with the requirements of Chapters 14 and 14A of the HK Listing Rules to the full extent required.

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 Binding Term Sheet

Further to the Company's announcement on 28 May 2015, the Company is pleased to announce that on 19 April 2016 (after market close in Hong Kong) it entered into a Binding Term Sheet with Diabetic Boot in respect of a further conditional subscription for up to 130,434 new Diabetic Boot Shares each at GBP 23.00 (or approximately US\$32.84 or HK\$256.15) per Diabetic Boot Share in cash, together with up to 65,217 Fundraising Warrants each exercisable at GBP 26.45 (or approximately US\$37.76 or HK\$294.53), for an aggregate consideration of up to GBP 2,999,982 (or approximately US\$4,283,074 or HK\$33,407,977), as detailed in this announcement. The Binding Term Sheet was entered into in conjunction with Diabetic Boot's broader capital raising intentions of up to GBP 3.5 million (or approximately US\$5 million or



HK\$39 million), inclusive of the Company's current and possible further subscriptions pursuant to the Regent Funding, which it expects to close in the next nine months from 19 April, with the balance to be raised from other venture capital funds, high-net worth individuals or financial institutions. Further details of the Binding Term Sheet are set out below.

(a) **Date**

19 April 2016

(b) **Parties**

- (i) the Company (as subscriber); and
- (ii) Diabetic Boot

(c) **Subscriptions for Diabetic Boot Shares**

- (i) First Tranche: 43,478 new Diabetic Boot Shares
- (ii) Second Tranche: 43,478 new Diabetic Boot Shares
- (iii) Third Tranche: 43,478 new Diabetic Boot Shares

(d) **Consideration**

GBP 23.00 (or approximately US\$32.84 or HK\$256.15) per Diabetic Boot Share in cash or an aggregate consideration of GBP 999,994 (or approximately US\$1,427,691 or HK\$11,135,990) for each tranche.

(e) **Conditions to completion of the Regent Funding**

The Regent Funding (including all three tranches) is subject to and conditional upon:

- (i) Approval by the required majority of Diabetic Boot shareholders of the resolutions required to issue the new shares required for the Regent Funding, including the shares that would be needed to be issued to complete Diabetic Boot's broader fundraising of GBP 3.5 million (or approximately US\$5 million or HK\$39 million), inclusive of the Company's current and possible further subscriptions pursuant to the Regent Funding and upon the exercise of the Fundraising Warrants and options which may be awarded as part of the enlarged option pool.



- (ii) Written approval and the due execution by the required majority of Diabetic Boot shareholders of the Amendment Agreement (to the Investment Agreement).

Immediately following the satisfaction of these conditions, which cannot be waived, the First Tranche will complete.

(f) **Performance milestones in respect of the Second Tranche**

The Second Tranche is subject to and conditional upon the performance milestones pertaining to the Second Tranche of the Company's possible investment (the "**Second Tranche Performance Milestones**") which must be met by Diabetic Boot (as determined by the Company, acting reasonably), or waived by the Company in writing, and comprise the following:

- An agreed minimum number of PulseFlowDF units must have been sold in the US at an average reimbursement per unit of not less than the target level stipulated in the Binding Term Sheet generating not less than US\$640,000 (or approximately HK\$4,992,000) of revenue (cash inflow).
- The US subsidiary of Diabetic Boot, PulseFlow Technologies Inc, having received approval as an accredited supplier of Durable Medical Equipment ("**DME**") from the State of Texas in the US.
- Employment contracts having been signed for the leadership team of PulseFlow Technologies Inc.

Should Diabetic Boot fail to meet one or more of the above Second Tranche Performance Milestones deemed material by the Company, and should the Company still elect to exercise its rights to invest in this tranche, then the Diabetic Boot Share price for the Second Tranche shall remain GBP 23.00 (or approximately US\$32.84 or HK\$256.15) per Diabetic Boot Share.

Save in respect of the Second Tranche Performance Milestones, there are no other conditions to the Second Tranche.

(g) **Performance milestones in respect of the Third Tranche**

The Third Tranche is subject to and conditional upon the performance milestones pertaining to the Third Tranche of the Company's possible investment (the "**Third Tranche Performance Milestones**") which must be met by Diabetic Boot (as determined by the



Company, acting reasonably), or waived by the Company in writing, and comprise the following:

- Contracts having been signed with at least five (5) health management organisations or equivalents in the US where the health management organisations agree to reimburse patients provided with PulseFlowDF and where the agreed reimbursement level per unit received by PulseFlow Technologies Inc. is not less than a target level stipulated in the Binding Term Sheet.
- PulseFlow Technologies Inc. having achieved cumulative sales in the US of not less than US\$1.0 million (or approximately HK\$7.8 million) since its incorporation.
- The report describing the results of the 2015 UK clinical trial carried out at Royal Free Hospital in London having been published and presented at a wound care conference.
- Sales by Diabetic Boot in the “Rest of the World” other than the US during the calendar year 2016 having reached GBP 100,000 (or approximately US\$142,770 or HK\$1,113,606).

Should Diabetic Boot fail to meet one or more of the above Third Tranche Performance Milestones deemed material by the Company, and should the Company still elect to exercise its rights to invest in this tranche, then the Diabetic Boot Share price for the Third Tranche shall remain GBP 23.00 (or approximately US\$32.84 or HK\$256.15) per Diabetic Boot Share.

In the event that the Company elects (in its absolute discretion) to subscribe for the Third Tranche, the Company will reassess the implications of the HK Listing Rules at that time and will comply fully with the requirements of Chapters 14 and 14A of the HK Listing Rules to the full extent required.

(h) Completion of First Tranche, Second Tranche and Third Tranche

First Tranche

Completion of the First Tranche is expected to take place immediately following the satisfaction of the conditions set out in sub-paragraph (e) headed “Conditions to completion of the Regent Funding” above, which must be satisfied by 31 May 2016 or the Company’s obligations in respect of the First Tranche, the Second Tranche and the Third Tranche shall automatically terminate on such date without any liability or continuing obligation to Diabetic Boot. Subject to the foregoing, should the Company fail to pay the



relevant subscription amount within 15 business days of such conditions being satisfied, Diabetic Boot will be able to raise funds from other sources as it sees fit.

Second Tranche

Diabetic Boot estimates that it will satisfy the last of the Second Tranche Performance Milestones in June 2016 and it is expected that the Second Tranche will complete as soon as practicable thereafter. Moreover, Diabetic Boot will have until 30 September 2016 in which to satisfy such milestones to the Company's satisfaction (acting reasonably) or for the Company to waive them (in writing), failing which the Company shall have no obligation whatsoever to subscribe into the Second Tranche and its obligations in respect thereof shall terminate automatically on such date without any liability or continuing obligation to Diabetic Boot. Subject to the foregoing, should the Company fail to pay the relevant subscription amount within 15 business days of the timely satisfaction of the Second Tranche Performance Milestones by Diabetic Boot (as determined by the Company, acting reasonably), unless waived by the Company in writing, then Diabetic Boot will be able to raise funds from other sources as it sees fit.

Third Tranche

Diabetic Boot estimates that it will satisfy the last of the Third Tranche Performance Milestones during the period between 1 July and 30 September 2016 and, moreover, Diabetic Boot will have until 31 December 2016 in which to satisfy such milestones to the Company's satisfaction (acting reasonably) or for the Company to waive them (in writing), failing which the Company's right to elect to subscribe into the Third Tranche shall automatically lapse and become void on such date without any liability or continuing obligation to Diabetic Boot. The Third Tranche represents a right, but not an obligation, of the Company to elect to make such further subscription should it wish to do so, on or before five (5) business days following the satisfaction or waiver, as the case may be, of the last of the Third Tranche Performance Milestones (as determined by the Company, acting reasonably) (the "**First Long Stop Date**"). Should the Company elect to subscribe into the Third Tranche, it may do so on a conditional basis in the event that HK Listing Rules require it to obtain Shareholders' approval, in which case it will have until ten (10) weeks following its notice of election (the "**Second Long Stop Date**"), to obtain such approval and to subscribe the requisite funds for the Third Tranche. In the event that the Company does elect to subscribe into the Third Tranche and the HK Listing Rules do not require it to obtain Shareholder's approval to complete such subscription at such time, the Company shall pay the relevant subscription amount in respect of the Third Tranche as soon as practicable following its election to so subscribe. Should the Company: (i) fail to make the requisite election by the First Long Stop Date; (ii) fail to subscribe the requisite subscription amount for the Third Tranche within the time contemplated in the Binding



Term Sheet where no Company Shareholder approval is required under the HK Listing Rules; or (iii) if relevant, be unable to obtain the requisite Shareholders' approval and subscribe the requisite funds for the Third Tranche by the Second Long Stop Date, then Diabetic Boot will be able to raise such funds from other sources as it sees fit. For the avoidance of any doubt, the Company's right to elect to subscribe into the Third Tranche is entirely at its discretion, without any obligation to do so and regardless of whether the Third Tranche Performance Milestones have been met by Diabetic Boot to the Company's satisfaction (acting reasonably).

(i) **Additional information rights of the Company**

The obligations of Diabetic Boot to prepare accounting and business information and to make this available to the Company are as stated in the Investment Agreement (as amended), as previously disclosed in the Company's announcement dated 28 May 2015. However and notwithstanding the foregoing, for so long as the Company and its permitted transferees hold in aggregate not less than 20 per cent. of the Diabetic Boot Shares and are represented by not less than two (2) directors on the board of Diabetic Boot, the Company shall have the following additional rights and Diabetic Boot shall have the following additional obligations, as applicable, to those stated in the Investment Agreement (as amended):

- (i) To be provided with copies of monthly management accounts, unaudited interim accounts for the first six month period of each financial year and audited annual accounts for each financial year prepared in accordance with International Financial Reporting Standards ("IFRS") as adopted by the European Union describing the general status and progress of Diabetic Boot, which shall be delivered to the Company: (i) within 20 days of the end of each month, in respect of the management accounts; and (ii) within 60 days of the end of each interim accounting period and the financial year end, in respect of the unaudited interim accounts and audited annual accounts, respectively. The financial statements must be prepared in accordance with the requirements of the Companies Act 2006 and include:-
- (a) the consolidated and Diabetic Boot balance sheets;
 - (b) the consolidated statement of comprehensive income for the period then ended;
 - (c) the Diabetic Boot group and Diabetic Boot cash flow statements for the period then ended;
 - (d) the consolidated and Diabetic Boot statement of changes in equity for the period then ended; and
 - (e) notes to the financial statements, which include a summary of significant accounting policies and other explanatory information.



- (ii) Without prejudice to the rights of the Company under applicable law, Diabetic Boot shall provide it with reasonable access at all reasonable times to the properties, books and records of Diabetic Boot and its subsidiaries (to include all internally generated and audited accounts and related working papers) and to representatives of Diabetic Boot and its subsidiaries (including auditors) to discuss the business, finances, operations, risk management, regulatory status and other matters related to Diabetic Boot and its subsidiaries, in each case to the extent that the Company shall have requested such access at least three (3) business days in advance.
- (iii) Diabetic Boot shall adopt 31 December as its financial year end date, consistent with that of the Company.

Warrants to be issued under the capital raising

New Diabetic Boot Shares subscribed for under the Binding Term Sheet, as well as pursuant to Diabetic Boot's broader capital raising, also afford the holders new fundraising warrants in the ratio of one fundraising warrant for every two new Diabetic Boot Shares subscribed for. Accordingly, an aggregate of 76,087 fundraising warrants are to be issued and allotted under the broader capital raising (with fractional entitlements forfeited), of which up to 65,217 fundraising warrants are to be issued and allotted to the Company assuming all three tranches are subscribed for.

Each fundraising warrant will give the holder the right, but not the obligation, to acquire one new Diabetic Boot Share at an exercise price of GBP 26.45 (or approximately US\$37.76 or HK\$294.53) for a term of five (5) years from the date of issue unless triggered by an earlier exit event (such as a change of control).

The fundraising warrants are freely transferable to affiliates of the Company or otherwise with the consent of Diabetic Boot (not to be unreasonably withheld) and will be issued in certificated format.

For the purposes of this announcement, the fundraising warrants described above are the "**Fundraising Warrants**".

Further subscription(s)

Prior to entering into the Binding Term Sheet, it is noted that:

- the Company held 89,753 Diabetic Boot Shares representing 16.79 per cent. of its then issued share capital;



- James Mellon, by himself and together with his associate (Galloway), held 95,066 Diabetic Boot Shares, representing approximately 17.78 per cent. of its then issued share capital of Diabetic Boot; and
- Anthony Baillieu held, 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 0.81 per cent. of its then issued share capital of Diabetic Boot (which are being held in his individual account).

It is also noted that Diabetic Boot has outstanding share options in respect of an aggregate of 13,326 Diabetic Boot Shares, 1,326 of which can be exercised at the price of GBP 5.09 (or approximately US\$7.27 or HK\$56.71) per Diabetic Boot Share, for an aggregate amount of GBP 6,749.34 (or approximately US\$9,636.03 or HK\$75,161.03) and 12,000 of which can be exercised at the price of GBP 13.37 (or approximately US\$19.09 or HK\$148.90) per Diabetic Boot Share, for an aggregate amount of GBP 160,440 (or approximately US\$229,060 or HK\$1,786,668), in each case within ten years from the respective dates of grant. James Mellon currently holds an option in respect of 2,000 Diabetic Boot Shares, which is exercisable on or before 21 September 2025.

Upon completion of the First Tranche (ignoring any other Diabetic Boot Shares that Diabetic Boot may issue in conjunction with its broader capital raising intentions, exercise of Fundraising Warrants, outstanding options or otherwise):

- the Company will hold 133,231 Diabetic Boot Shares, representing approximately 23.04 per cent. of the enlarged issued share capital of Diabetic Boot;
- James Mellon, by himself and together with his associate (Galloway), will continue to hold 95,066 Diabetic Boot Shares, representing approximately 16.44 per cent. of the enlarged issued share capital of Diabetic Boot; and
- Anthony Baillieu, through a nominee company owned by his family which holds shares and cash to the individual family members' accounts, will continue to hold 4,322 Diabetic Boot Shares, representing approximately 0.75 per cent. of the enlarged issued share capital of Diabetic Boot (which are being held in his individual account).

Assuming that the Company subscribes into the Second Tranche and the Third Tranche, the Company will hold 176,709 and 220,187 Diabetic Boot Shares, representing 28.43 and 33.10 per cent. of Diabetic Boot's then issued share capital, respectively, which ignores any other Diabetic Boot Shares that Diabetic Boot may issue in conjunction with its broader capital raising intentions, exercise of Fundraising Warrants, outstanding options or otherwise.



The further conditional subscription of 86,956 new Diabetic Boot Shares and 43,478 Fundraising Warrants pursuant to the First Tranche and the Second Tranche constitute a connected transaction of the Company under Chapter 14A of the HK Listing Rules, but are exempt 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.

In the event that the Company elects (in its absolute discretion) to subscribe for the Third Tranche, the Company will reassess the implications of the HK Listing Rules at that time and will comply fully with the requirements of Chapters 14 and 14A of the HK Listing Rules to the full extent required.

Basis of consideration

The consideration to be paid in respect of the First Tranche and the Second Tranche for the subscription of 86,956 new Diabetic Boot Shares each at GBP 23.00 (or approximately US\$32.84 or HK\$256.15) per Diabetic Boot Share in cash or an aggregate consideration of GBP 1,999,988 (or approximately US\$2,855,383 or HK\$22,271,987) 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.

In May 2015, as announced on 28 May 2015, the Company initially subscribed for Diabetic Boot Shares at a valuation of GBP 13.37 (or approximately US\$19.09 or HK\$148.90) per Diabetic Boot Share. The uplift in value since May 2015 is, in the Board's determination, justified based on the following significant developments in the business of Diabetic Boot since that initial investment:

- Diabetic Boot obtained US FDA clearance in December 2015, a major milestone for the company to commercialise PulseFlowDF in that region.
- Diabetic Boot's US subsidiary is now fully operational and has the majority of the approvals needed to begin sales and distribution. Diabetic Boot is hopeful that it will commence sales into the US in Q2 of 2016 to Medicare and Medicaid patients in the US.
- First US clinical trials have commenced with a view to the results of such trials adding to the growing credibility of the company.
- The reimbursement that Diabetic Boot will be seeking in the US has been confirmed at a level which is higher than previously estimated.
- In the UK, Diabetic Boot is in full production and all outstanding orders of PulseFlowDF have been shipped.



- Diabetic Boot has full contracted distribution partners in Austria, Australia, Canada, Germany, Mexico and South America, Saudi Arabia, Switzerland and New Zealand. Orders have been placed by some of these countries, with orders from the remaining countries expected following regulatory affairs clearance.

The Directors (including the Independent Non-Executive Directors) consider the terms of the First Tranche and the Second Tranche and the Binding Term Sheet 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 First Tranche and the Second Tranche and the Binding Term Sheet 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 28.43 per cent. at completion of the First Tranche and the Second Tranche) of Diabetic Boot's: (i) net loss for the financial year ended 30 June 2015 from continued operations was approximately GBP 291,906 (or approximately US\$416,754 or HK\$3,250,681); and (ii) net loss for the financial period ended 31 June 2014 from continued operations was approximately GBP 183,460 (or approximately US\$261,926 or HK\$2,043,023), both before taxation.

In respect of the Company's projected interests in Diabetic Boot, the Company's attributable share (being 28.43 per cent. at completion of the First Tranche and the Second Tranche) of Diabetic Boot's: (i) net loss for the financial year ended 30 June 2015 from continued operations was GBP 291,906 (or approximately US\$416,754 or HK\$3,250,681); and (ii) net loss for the financial period ended 30 June 2014 from continued operations was approximately GBP 180,741 (or approximately US\$258,044 or HK\$2,012,743), both after taxation.

The net asset value of Diabetic Boot was approximately GBP 1.10 million (or approximately US\$1.57 million or HK\$12.25 million) as at 30 June 2015, as set out in Diabetic Boot's latest management accounts for the period ended 30 June 2015.

Amendment Agreement

At completion of the First Tranche, Diabetic Boot, the Company, together with the requisite majority of other shareholders of Diabetic Boot (including the New Investors, the Existing Investors, the Founder and the Other Shareholders) will enter into the Amendment Agreement (to the Investment Agreement).

The rights and obligations of the Company under the amended Investment Agreement are as previously disclosed in the Company's announcement dated 28 May 2015, save that, for so long as any Diabetic Boot shareholder and his/her/its permitted transferees hold in aggregate not less than 20 per cent. of the Diabetic Boot Shares, the shareholder shall have the right to appoint and maintain in office two natural persons as directors of Diabetic Boot (in the case of



the Company, to be categorised as “Lead Investor Directors”, as such term is defined in the Investment Agreement (as amended)) and to remove any director so appointed and, upon his removal, to appoint another person to act as a director in his place. Following completion of the First Tranche, the Company now has the right to appoint two natural persons as directors of Diabetic Boot and will consider filling these positions in due course, in light of accounting implications which may flow from having such representation on the Diabetic Boot board.

In addition, Diabetic Boot shareholders have been asked to agree to amend the Investment Agreement to increase the number of options or similar arrangements to incentivise its employees to the equivalent of 12 per cent. of the issued share capital of Diabetic Boot (or an expanded option pool in respect of up to 79,814 Diabetic Boot Shares) at the conclusion of its contemplated broader capital raising, from a previous limit of 5 per cent. of Diabetic Boot’s issued share capital, largely to reflect its expanding operations and employee base in the US.

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 PulseFlowDF 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.

PulseFlowDF is approved for sale in Europe having been granted a CE mark in December 2013 as a Class IIa medical device. Diabetic Boot was also, and significantly, granted FDA clearance in December 2015 following its FDA 510(k) application in March 2015.

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 strategic and value-led investments in the healthcare and life sciences sectors, in order to enhance Shareholders’ value.

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 further investment into Diabetic Boot is consistent with this.

In light of Diabetic Boot's current business plan and funding needs, the Company considers that there is a 'value-led' opportunity to cultivate 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 and is a sensible step to better protect, and create value from, its already significant investment in Diabetic Boot, entirely consistent with its strategic objective to pursue strategic and value-led investments in the healthcare and life sciences sectors.

Since the Company's last investment into Diabetic Boot in May 2015, Diabetic Boot has achieved a number of milestones that further highlight the exciting investment opportunity set out in this announcement. Highlights of the reasons for the further investment include:

- Diabetic Boot obtained US FDA clearance in December 2015, a major milestone for the company to commercialise PulseFlowDF in that region.
- Diabetic Boot's US subsidiary is now fully operational and has the majority of the approvals needed to begin sales and distribution. Diabetic Boot is hopeful that it will commence sales into the US in Q2 of 2016 to Medicare and Medicaid patients in the US.
- First US clinical trials have commenced with a view to the results of such trials adding to the growing credibility of the company.
- The reimbursement that Diabetic Boot will be seeking in the US has been confirmed at a level which is higher than previously estimated.
- In the UK, Diabetic Boot is in full production and all outstanding orders of PulseFlowDF have been shipped.
- Diabetic Boot has full contracted distribution partners in Austria, Australia, Canada, Germany, Mexico and South America, Saudi Arabia, Switzerland and New Zealand. Orders have been placed by some of these countries, with orders from the remaining countries expected following regulatory affairs clearance.
- Significant sales anticipated in Asia Pacific which fits with the Company's strategy of acquiring interests in life science with applications in Asian markets.
- 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.

Diabetic Boot hopes to expand into new territories and to build sales and the Company believes it is well placed to assist in particular in its local Asia Pacific region.

In summary, the Board believes that the further investment will support Diabetic Boot with its growth ambitions while expanding its healthcare and life sciences portfolio of investments. The



Board believes that the further investment 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 investments more susceptible to macroeconomic influences.

The Directors (including the Independent Non-Executive Directors) consider the entering into of the Binding Term Sheet and the making of the further investment by way of the First Tranche and the Second Tranche 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 Binding Term Sheet and First Tranche and the Second Tranche are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

Source of funds

The cash consideration to be paid in respect of the First Tranche and the Second Tranche of the further investment set out in the Binding Term Sheet will be 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, 22.32 per cent. of the total issued share capital of the Company); and
- (ii) 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, 0.001 per cent. of the total issued share capital of the Company (which are being held in his individual account),

both being existing shareholders of Diabetic Boot, are connected persons of the Group, the further investment into Diabetic Boot by way of the First Tranche and the Second Tranche, together with the relevant number of Fundraising Warrants, will constitute a connected transaction of the Company under Chapter 14A of the HK Listing Rules. However, neither of the above-mentioned Directors has a material interest in the further investment into Diabetic Boot by way of the First Tranche and the Second Tranche under the Binding Term Sheet, and such investment 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.



In the event that the Company elects (in its absolute discretion) to subscribe for the Third Tranche, the Company will reassess the implications of the HK Listing Rules at that time and will comply fully with the requirements of Chapters 14 and 14A of the HK Listing Rules to the full extent required.

Save for the above, to the best of the Directors' knowledge, information and belief and having made all reasonable enquiries, each counterparty to the Binding Term Sheet 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 further subscription of new Diabetic Boot Shares under the Binding Term Sheet by way of the First Tranche and the Second Tranche in accordance with the HK Listing Rules.

Views of the Independent Non-Executive Directors

Having taken into account the terms and conditions of the First Tranche and the Second Tranche of the further investment into Diabetic Boot under the Binding Term Sheet, the Independent Non-Executive Directors are of the view that:

- the terms and conditions of the First Tranche and the Second Tranche of the further investment into Diabetic Boot under the Binding Term Sheet are fair and reasonable so far as the Company and the Independent Shareholders are concerned;
- such further investment is on normal commercial terms and in the ordinary and usual course of business of the Group; and
- such further investment 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, 0.001 per cent. of the total issued share capital of the Company. In addition, Anthony Baillieu was, during the period from 12 May 2015 to 9 March



2016, also a non-executive director of Plethora Solutions Holdings plc (which became a wholly owned subsidiary of the Company upon completion of a scheme of arrangement on 9 March 2016).

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 Open Market (Freiverkehr) of the Frankfurt Stock Exchange. The Company is a diversified investment group currently holding various corporate and strategic investments across the healthcare and life sciences sectors, which has become its core focus, as well as legacy investments in the natural resources sector. Earlier in 2016, the Company acquired Plethora Solutions Holdings plc, a UK-based speciality pharmaceutical company whose principal product is PSD502[®], a prescription treatment for male premature ejaculation.

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:

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|------------------------------|--|
| “Amendment Agreement” | the amendment agreement to the Investment Agreement |
| “associate(s)” | shall have the meaning defined in the HK Listing Rules |
| “Board” | the board of directors of the Company |
| “Binding Term Sheet” | the binding term sheet entered into between: (i) the Company; and (ii) Diabetic Boot on 19 April 2016 (after market close in Hong Kong) in respect of the subscription by the Company, at GBP 23.00 (or approximately US\$32.84 or HK\$256.15) per Diabetic Boot Share in cash, of up to 130,434 new Diabetic Boot Shares, for an aggregate consideration of GBP 2,999,982 (or approximately US\$4,283,074 or HK\$33,407,977) by way of the First Tranche, the Second Tranche and, if so elected by the Company, the Third Tranche |



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| “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 Open Market (Freiverkehr) of the Frankfurt Stock Exchange |
| “connected person(s)” | shall have the meaning defined in Chapter 14A of the HK Listing Rules |
| “Diabetic Boot” | The Diabetic Boot Company Limited, a private limited liability company incorporated and registered in England and Wales which currently trades as PulseFlow Technologies |
| “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 |
| “FDA” | the Food and Drug Administration, being the agency in the US responsible for protecting and promoting public health through the regulation and supervision of various products |
| “First Long Stop Date” | shall have the meaning given to it in sub-paragraph (h) under the heading “The Binding Term Sheet” in this announcement |
| “First Tranche” | the subscription by the Company of 43,478 new Diabetic Boot Shares at GBP 23.00 (or approximately US\$32.84 or HK\$256.15) per Diabetic Boot Share in cash, for an aggregate consideration of GBP 999,994 (or approximately US\$1,427,691 or HK\$11,135,990) pursuant to the Binding Term Sheet |
| “Founder” | Leslie Lindsay, being the founder shareholder of Diabetic Boot |
| “Fundraising Warrants” | shall have the meaning given to them in the paragraph headed “Warrants to be issued under the capital raising” in |



this announcement

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| “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 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 further investment(s) set out and contemplated in this announcement) |
| “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 |



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| “Regent Funding” | means the total funding that the Company provides or may elect to provide, as the case may be, pursuant to the Binding Term Sheet |
| “Second Tranche” | following satisfaction of the Second Tranche Performance Milestones, the subscription by the Company of 43,478 new Diabetic Boot Shares at GBP 23.00 (or approximately US\$32.84 or HK\$256.15) per Diabetic Boot Share in cash, for an aggregate consideration of GBP 999,994 (or approximately US\$1,427,691 or HK\$11,135,990) pursuant to the Binding Term Sheet |
| “Second Long Stop Date” | shall have the meaning given to it in sub-paragraph (h) under the heading “The Binding Term Sheet” in this announcement |
| “Second Tranche Performance Milestones” | shall have the meaning given to them in sub-paragraph (g) under the heading “The Binding Term Sheet” in this announcement |
| “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 Open Market (Freiverkehr) of the Frankfurt Stock Exchange |
| “Third Tranche” | if the Company so elects following satisfaction of the Third Tranche Performance Milestones, the subscription by the Company of 43,478 new Diabetic Boot Shares at GBP 23.00 (or approximately US\$32.84 or HK\$256.15) per Diabetic Boot Share in cash, for an aggregate consideration of GBP 999,994 (or approximately US\$1,427,691 or HK\$11,135,990) pursuant to the Binding Term Sheet |
| “Third Tranche Performance Milestones” | shall have the meaning given to them in paragraph (g) under the heading “The Binding Term Sheet” set out in this announcement |
| “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\$1.4277; 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, 20 April 2016