

**THIS COMPOSITE DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION**

If you are in any doubt as to any aspect of the Offer, this Composite Document and/or the accompanying Form of Acceptance or as to the action to be taken, you should consult a licensed securities dealer or registered institution in securities, bank manager, solicitor, professional accountant or other professional adviser.

If you have sold or transferred all your shares in Pine Care Group Limited, you should at once hand this Composite Document and the accompanying Form of Acceptance to the purchaser(s) or transferee(s) or to the bank or licensed securities dealer or registered institution in securities or other agent through whom the sale or transfer was effected for transmission to the purchaser(s) or transferee(s).

This Composite Document should be read in conjunction with the accompanying Form of Acceptance, the contents of which form part of the terms and conditions of the Offer contained herein.

Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this Composite Document and the accompanying Form of Acceptance, make no representation as to their accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this Composite Document and the accompanying Form of Acceptance.



**Tang Yiu Sing**

**Pine Care Group Limited**  
**松齡護老集團有限公司**

*(Incorporated in the Cayman Islands with limited liability)*  
**(stock code: 1989)**

**COMPOSITE DOCUMENT IN RELATION TO  
THE UNCONDITIONAL MANDATORY GENERAL CASH OFFER BY  
GEAR SECURITIES INVESTMENT LIMITED  
FOR AND ON BEHALF OF TANG YIU SING  
TO ACQUIRE ALL THE ISSUED SHARES OF  
PINE CARE GROUP LIMITED  
(OTHER THAN THOSE ALREADY OWNED BY AND/OR  
AGREED TO BE ACQUIRED BY TANG YIU SING AND  
THE PARTIES ACTING IN CONCERT WITH HIM)**

**Financial adviser to the Offeror**  
**Trinity Corporate Finance Limited**

**TRINITY**

**Financial adviser to the Company**  
**Opus Capital Limited**



**Independent Financial Adviser to the Independent Board Committee**



**中毅資本有限公司**  
**Grand Moore Capital Limited**

Capitalised terms used in this cover page shall have the same meanings as defined in the section headed "Definitions" in this Composite Document.

A letter from Gear containing, among other things, details of the terms of the Offer is set out on pages 9 to 25 of this Composite Document.

A letter from the Board is set out on pages 26 to 32 of this Composite Document. A letter from the Independent Board Committee containing its recommendation to the Offer Shareholders in relation to the Offer is set out on pages 33 to 34 of this Composite Document. A letter from the Independent Financial Adviser containing its advice on the Offer to the Independent Board Committee is set out on pages 35 to 61 of this Composite Document.

**The procedures for acceptance and settlement of the Offer and other related information are set out in Appendix I to this Composite Document and in the accompanying Form of Acceptance. Form of Acceptance should be received by the Registrar, Tricor Investor Services Limited, at Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong no later than 4:00 p.m. on Friday, 20 March 2020 or such later time and/or date as the Offeror may determine and announce, in accordance with the requirements under the Takeovers Code.**

Persons including, without limitation, custodians, nominees and trustees, who would, or otherwise intend to, forward this Composite Document and/or the accompanying Form of Acceptance to any jurisdiction outside Hong Kong, should read the details in this regard which are contained in the paragraph headed "1. Overseas Shareholders" under the section headed "2. The Offer" in the "Letter from Gear" of this Composite Document and the paragraph headed "6. Overseas Shareholders" in Appendix I to this Composite Document before taking any action. It is the responsibility of each Overseas Shareholder wishing to accept the Offer to satisfy himself, herself or itself as to the full observance of the laws and regulations of the relevant jurisdiction in connection therewith, including the obtaining of any governmental, exchange control or other consents and any registration or filing which may be required and the compliance with all necessary formalities, regulatory and/or legal requirements. Overseas Shareholders are advised to seek professional advice on deciding whether or not to accept the Offer.

This Composite Document will remain on the website of the Stock Exchange at <http://www.hkexnews.hk> and on the website of the Company at <http://www.pinecaregroup.com> as long as the Offer remains open.

28 February 2020

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## EXPECTED TIMETABLE

*The expected timetable set out below is indicative only and may be subject to change. Any changes to the timetable will be jointly announced by the Offeror and the Company as and when appropriate. All references to times and dates in this Composite Document and the Form of Acceptance shall refer to Hong Kong times and dates.*

Event	Time and Date
Despatch date of this Composite Document and the accompanying Form of Acceptance ( <i>Note 1</i> ) .....	Friday, 28 February 2020
Offer opens for acceptance ( <i>Note 2</i> ) .....	Friday, 28 February 2020
Latest time and date for acceptance of the Offer ( <i>Notes 2, 4, 5 and 6</i> ) .....	4:00 p.m. on Friday, 20 March 2020
Closing Date ( <i>Note 2</i> ) .....	Friday, 20 March 2020
Announcement of the results of the Offer on the website of the Stock Exchange ( <i>Note 2</i> ) .....	by 7:00 p.m. on Friday, 20 March 2020
Latest date of posting of remittance in respect of valid acceptances received on or before the latest time for acceptance of the Offer ( <i>Notes 3 and 6</i> ) .....	Tuesday, 31 March 2020

*Notes:*

1. *The Offer, which is unconditional in all respects, is made on Friday, 28 February 2020, the date of this Composite Document, and are capable of acceptance on and from that date until the Closing Date.*
2. *The latest time for acceptance of the Offer is 4:00 p.m. on the Closing Date unless the Offeror revises or extends the Offer in accordance with the Takeovers Code. The Offeror has the right under the Takeovers Code to extend the Offer until such date as he may determine in accordance with the Takeovers Code (or as permitted by the Executive in accordance with the Takeovers Code). An announcement will be jointly issued by the Company and the Offeror through the website of the Stock Exchange by 7:00 p.m. on the Closing Date stating the results of the Offer and whether the Offer has been revised or extended or has expired. In the event that the Offeror decides to extend the Offer, the announcement will state the next closing date of the Offer or that the Offer will remain open until further notice. In the latter case, at least 14 days' notice in writing will be given before the Offer is closed to those Offer Shareholders who have not accepted the Offer.*
3. *Remittances in respect of the cash consideration (after deducting the seller's ad valorem stamp duty) payable for the Offer Shares tendered under the Offer will be despatched to accepting Offer Shareholders by ordinary post at their own risk as soon as possible, but in any event within seven Business Days following the date of receipt by the Registrar of all the duly completed acceptances of the Offer and the relevant documents of title of the Offer Shares in respect of such acceptance to render the acceptance under the Offer complete and valid.*
4. *Acceptances of the Offer shall be irrevocable and not capable of being withdrawn, except in the circumstances as set out in the paragraph headed "4. Right of withdrawal" in Appendix I to this Composite Document.*
5. *Beneficial owners of Offer Shares who hold their Offer Shares in CCASS directly as an investor participant or indirectly via a broker or custodian participant should note the timing requirements (set out in Appendix I to this Composite Document) for causing instructions to be made to CCASS in accordance with the General Rules of CCASS and CCASS Operational Procedures.*

<b>EXPECTED TIMETABLE</b>
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6. *If there is a tropical cyclone warning signal number 8 or above, “extreme conditions” caused by super typhoons or a black rainstorm warning:*
- (a) in force in Hong Kong at any local time before 12:00 noon but no longer in force after 12:00 noon on the latest date for acceptance of the Offer, the latest time for acceptance of the Offer will remain at 4:00 p.m. on the same Business Day;*
  - (b) in force in Hong Kong at any local time between 12:00 noon and 4:00 p.m. on the latest date for acceptance of the Offer, the latest time for acceptance of the Offer will be rescheduled to 4:00 p.m. on the following Business Day which does not have either of those warnings in force at any time between 9:00 a.m. and 4:00 p.m.*

Save as mentioned above, if the latest time for the acceptance of the Offer and the posting of remittances do not take effect on the date and time as stated above, other dates mentioned above may be affected. The Offeror and the Company will notify the Offer Shareholders by way of announcement(s) on any change to the expected timetable as soon as practicable.

## DEFINITIONS

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

“acting in concert”	has the meaning ascribed to it under the Takeovers Code
“associate(s)”	has the meaning ascribed to it under the Takeovers Code, unless the context otherwise requires
“Board”	the board of Directors
“Business Day(s)”	a business day is a day on which the Stock Exchange is open for the transaction of business
“BVI”	the British Virgin Islands
“Call Options”	the call options which the Vendor has granted to the Offeror under the call option deed dated 11 February 2020 executed by the Vendor and the Offeror, giving the Offeror (or the Nominees) the right to require the Vendor to transfer at a price per Share equal to the Offer Price (i) up to 31,608,000 Shares during the period commencing from the 15th calendar day before the 2nd Consideration Payment Date and ending on the 15th calendar day after the 2nd Consideration Payment Date; and (ii) up to 31,608,000 Shares during the period commencing from the 15th calendar day before the 3rd Consideration Payment Date and ending on the 15th calendar day after the 3rd Consideration Payment Date
“CCASS”	Central Clearing and Settlement System
“Century Fortress”	Century Fortress Limited, a company incorporated in the BVI, the entire issued share capital of which is legally and beneficially owned by Mr. SB Tang
“Closing Date”	Friday, 20 March 2020, the closing date of the Offer, or if the Offer is extended, any subsequent closing date of the Offer as determined by the Offeror and jointly announced by the Offeror and the Company, with the consent of the Executive, in accordance with the Takeovers Code
“Company”	Pine Care Group Limited (松齡護老集團有限公司), a company incorporated in the Cayman Islands with limited liability, the Shares of which are listed on the Main Board of the Stock Exchange

## DEFINITIONS

“Completion”	completion of the sale and purchase of the Sale Shares in accordance with the terms and conditions of the SPA
“Completion Date”	11 February 2020, the date on which Completion took place
“Composite Document”	this composite and response document jointly issued by the Offeror and the Company in connection with the Offer in compliance with the Takeovers Code
“connected person(s)”	has the meaning ascribed to it under the Listing Rules
“core connected person(s)”	has the meaning ascribed to it under the Listing Rules
“Director(s)”	the director(s) of the Company
“EBPS”	the Enhanced Bought Place Scheme
“Encumbrance(s)”	(i) any mortgage, charge, pledge, lien, hypothecation, encumbrances or other security arrangement of any kind; (ii) any option, equity, claim, adverse interest or other third party right of any kind; (iii) any arrangement by which any right is subordinated to any right of such third party; or (iv) any contractual right of set-off, including any agreement or commitment to create or procure to create, or to permit or suffer to be created or subsisted any of the above
“Everhost”	Everhost Limited, a company incorporated in Hong Kong, which is indirectly held as to 100% by Mr. SB Tang
“Executive”	the executive director of the Corporate Finance Division of the SFC or any delegate of the executive director
“Form of Acceptance”	the form of acceptance and transfer of the Offer Shares in respect of the Offer accompanying this Composite Document
“Gear”	Gear Securities Investment Limited, the offering agent of the Offer, being (i) a corporation licensed to carry on Type 1 (dealing in securities) and Type 4 (advising on securities) regulated activities under the SFO; and (ii) a wholly owned subsidiary of ETS Group Limited (stock code: 8031), a company incorporated in the Cayman Islands with limited liability, the shares of which are listed on GEM of the Stock Exchange, for which the Offeror is a director and Mr. SB Tang is a director and a substantial shareholder

## DEFINITIONS

“Great Canton”	Great Canton Investments Limited, a company incorporated in the BVI, the entire issued share capital of which is legally and beneficially owned by Mr. SB Tang
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollar, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“Independent Board Committee”	the independent committee of the Board, comprising Dr. Wong Ping San John, Mr. Liu Kwong Sang and Dr. Liu Yuk Shing, formed for the purpose of advising the Offer Shareholders in respect of the Offer
“Independent Financial Adviser” or “Grand Moore”	Grand Moore Capital Limited, a licensed corporation to carry out Type 1 (dealing in securities) and Type 6 (advising on corporate finance) regulated activities under the SFO, being the independent financial adviser to advise the Independent Board Committee in respect of the terms of the Offer and in particular as to whether the Offer is, or is not, fair and reasonable and as to the acceptance of the Offer
“Irrevocable Undertaking”	the irrevocable undertaking given by the Vendor on 5 February 2020 that it will (i) not sell, transfer, charge, pledge or (save for the granting of the Call Options) grant any option over or otherwise dispose of or create any encumbrances in respect of any of the Retained Shares or any interest in any of the Retained Shares prior to the expiry of the Offer Period; and (ii) not tender the Retained Shares for acceptance under the Offer
“Joint Announcement”	the joint announcement dated 5 February 2020 jointly issued by the Company and the Offeror in respect of, among other things, the SPA and the Offer
“Last Trading Day”	5 February 2020, the last trading day for the Shares prior to the publication of the Joint Announcement
“Latest Practicable Date”	25 February 2020, being the latest practicable date prior to the printing of this Composite Document for ascertaining certain information contained herein
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange

## DEFINITIONS

“Loan”	the loan in the principal amount of up to HK\$500 million granted by the Vendor (as lender) and the Offeror (as borrower) pursuant to the Loan Agreement
“Loan Agreement”	a loan agreement dated 5 February 2020 entered into by the Vendor (as lender) and the Offeror (as borrower) in respect of an unsecured loan in the amount of up to HK\$500 million
“Main Board”	the main board maintained and operated by the Stock Exchange
“Mr. SB Tang”	Mr. Tang Shing-bor, who held 201,984,000 Shares as at the Latest Practicable Date and the father of the Offeror
“NAV”	net asset value
“Nominees”	Smartbase, Starcorp, Mr. SB Tang, Century Fortress and Great Canton
“Offer”	the unconditional mandatory general cash offer being made by Gear on behalf of the Offeror in accordance with the Takeovers Code for the Offer Shares
“Offer Period”	has the meaning ascribed to it under the Takeovers Code, which commenced on 20 December 2019, being the date the Company released the announcement pursuant to Rule 3.7 of the Takeovers Code
“Offer Price”	the price per Offer Share at which the Offer being made in cash, being HK\$1.647 per Offer Share
“Offer Share(s)”	all the Share(s) in issue, other than those already owned and/or agreed to be acquired by the Offeror and parties acting in concert with him
“Offer Shareholder(s)”	the holder(s) of the Offer Share(s)
“Offeror”	Mr. Tang Yiu Sing, who is the son of Mr. SB Tang
“Opus Capital”	Opus Capital Limited, a licensed corporation to carry out Type 1 (dealing in securities) and Type 6 (advising on corporate finance) regulated activities under the SFO, being the financial adviser to the Company in relation to the Offer
“Overseas Shareholders”	the Shareholder(s) whose addresses, as shown on the register of members of the Company, are outside Hong Kong
“Patina Wellness”	Patina Wellness Limited, a company incorporated in Hong Kong, which is held as to 51% by Pine Care Elegance and 49% by Utopia as at the Latest Practicable Date



## DEFINITIONS

“Personal Guarantee”	the personal guarantee provided by Mr. SB Tang in favour of the Vendor to guarantee the punctual performance by the Offeror of all his obligations under the Loan Agreement, subject to the terms of the deed of guarantee dated 5 February 2020 executed by Mr. SB Tang and the Vendor
“Pine Care Elderly Home”	Pine Care Elderly Home Development Limited, a company incorporated in Hong Kong which held 51% of the total number of issued shares of Pine Care Yada as at the Latest Practicable Date
“Pine Care Elegance”	Pine Care Elegance Limited, a company incorporated in Hong Kong and an indirect wholly-owned subsidiary of the Company
“Pine Care Yada”	Pine Care Yada Elderly Services Limited, a company incorporated in Hong Kong, which is held as to 51% by Pine Care Elderly Home and 49% by Yada HK as at the Latest Practicable Date
“Purchasers”	the Offeror and Mr. SB Tang, and “Purchaser” means any one of them
“RCHE”	residential care home for the elderly
“Registrar”	Tricor Investor Services Limited, the Hong Kong branch share registrar and transfer office of the Company at Level 54, Hopewell Centre, 183 Queen’s Road East, Hong Kong
“Relevant Period”	the period from 20 June 2019, being the date falling 6 months preceding the commencement of the Offer Period, up to and including the Latest Practicable Date
“Retained Shares”	135,304,000 Shares (representing approximately 14.99% of the issued share capital of the Company as at the Latest Practicable Date) which are owned by the Vendor upon Completion, which have not been accounted for under the SPA
“Sale Share(s)”	469,496,000 Shares beneficially owned by the Vendor immediately prior to Completion and sold to the Purchasers pursuant to the terms and conditions of the SPA, and each a “Sale Share”
“Sale Shares Purchase Price”	the total consideration in the sum of HK\$773,259,912 for the Sale Shares under the SPA
“SFC”	the Securities and Futures Commission of Hong Kong
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)

## DEFINITIONS

“Share(s)”	the ordinary share(s) of HK\$0.01 each in the issued share capital of the Company
“Shareholder(s)”	the registered holder(s) of the Shares
“Silverage Pillar”	Silverage Pillar Limited, being (i) a company incorporated in BVI and owned as to (a) approximately 74.87% and approximately 18.72%% by Yim Ting Kwok and Ng Kwok Fu Alex, respectively; (b) approximately 0.59% by each of Lai Nga Ki, Lam Ching, Lam Pui Shan; and (c) approximately 0.36% by each of Chan Ping, Cheung Wai Hing, Fung Mei Yi, Lee Siu Mei, Lin Oi Shan, Mak Chun Ho Tony, Mok Chun Lin, Ng Long, Shum Mei Kit, Tai Lam Lun, Tsang Lai Ting Yoki, Yau Ha Linda and Zhou Lin Lin; and (ii) a company holding 10% of the issued share capital of the Vendor, as at the Latest Practicable Date
“Silverage Pine Care”	Silverage Pine Care Limited, being (i) a company incorporated in BVI and owned as to approximately 43.00% by Yim Ting Kwok, approximately 6.59% by Cho Wing Yin (spouse of Yim Ting Kwok), approximately 9.89% by Ng Kwok Fu Alex, approximately 0.73% by Suen Mi Lai Betty (spouse of Ng Kwok Fu Alex), approximately 6.37% by Yim Billy Pui Kei, approximately 0.18% by Yim Edwin Pui Hin, approximately 7.49% by Chu Lai King (senior management of the Company), approximately 4.62% by Lam Yat Hon, approximately 3.10% by Shek Kam Ming, approximately 1.14% by Ho Chi Tim, approximately 1.02% by Ma Wing Wah, approximately 2.74% by Yim Michael Pui Hei, approximately 2.77% by Choi Pui Wan Connie, approximately 2.58% by Luk Lai Kwan, approximately 1.70% by Yam Hau Kam (senior management of the Company), approximately 1.36% by Ng Chun Kwok, approximately 1.33% by Pun Shuk Kan Pisa (senior management of the Company), approximately 0.96% by Chi Kin Ping, approximately 0.34% by Ma Chan Chui Kin Claudia, approximately 0.30% by Luk Lai Foon, approximately 0.29% by Chu Lai Bing, approximately 0.28% by Yam Kin Kai Federick, approximately 0.27% by Cheung Johnny Tin Yau, approximately 0.22% by Lee Suk Han, approximately 0.20% by Woo Shuk Ping, approximately 0.18% by Lam Siu Fong, approximately 0.15% by Cheung Po Yee, approximately 0.07% by Yim Ting Chung, approximately 0.05% by Lam Raymond Wai Hin and approximately 0.06% by Cho Wing Yee; and (ii) a company holding 90% of the issued share capital of the Vendor, as at the Latest Practicable Date

## DEFINITIONS

“Smartbase”	Smartbase Investments Limited, a company incorporated in the BVI, the entire issued share capital of which is legally and beneficially owned by the Offeror
“SPA”	the conditional agreement dated 5 February 2020 entered into between the Vendor and the Purchasers in respect of the Transactions
“Stan Group”	Stan Group (Holdings) Limited and its subsidiaries
“Starcorp”	Starcorp Limited, a company incorporated in the BVI, the entire issued share capital of which is legally and beneficially owned by the Offeror
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Takeovers Code”	the Hong Kong Code on Takeovers and Mergers
“trading day(s)”	the days on which the Stock Exchange is open for the business of dealing in securities
“Transactions”	the transactions contemplated under the SPA
“Trinity”	Trinity Corporate Finance Limited, a corporation licensed to carry on Type 6 (advising on corporate finance) regulated activity under the SFO, being the financial adviser to the Offeror
“Utopia”	Utopia Limited, which is (i) a company indirectly held as to 100% by the Offeror; and (ii) a substantial shareholder of a subsidiary of the Company
“Vendor” or “Pine Active Care”	Pine Active Care Limited, a company incorporated in the BVI on 22 June 2015 with limited liability. As at the Latest Practicable Date, Pine Active Care was owned as to 90% by Silverage Pine Care and as to 10% by Silverage Pillar
“Yada HK”	Yada International (HK) Limited, (i) a company incorporated in Hong Kong, which is a substantial shareholder of a subsidiary of the Company and a core connected person of the Company; and (ii) (to the best of the knowledge, information and belief of the Directors) 100% of the total number of issued shares of which was held by Yada International Holdings Limited, as at the Latest Practicable Date

## DEFINITIONS

“1st Consideration Payment”	the amount of HK\$502,618,942, in aggregate, in cash, representing approximately 65% of the Sale Shares Purchase Price, which had been paid by the Purchasers to the Vendor at the Completion Date
“2nd Consideration Payment”	the amount of HK\$135,320,485, in aggregate, in cash, representing approximately 17.5% of the Sale Shares Purchase Price, which shall be payable by the Purchasers to the Vendor on the 2nd Consideration Payment Date
“2nd Consideration Payment Date”	the date falling 9 months after the date of the SPA
“3rd Consideration Payment”	the amount of HK\$135,320,485, in aggregate, in cash, representing approximately 17.5% of the Sale Shares Purchase Price, which shall be payable by the Purchasers to the Vendor on the 3rd Consideration Payment Date
“3rd Consideration Payment Date”	the date falling 18 months after the date of the SPA
“%”	per cent.



28 February 2020

*To the Offer Shareholders*

Dear Sir or Madam,

**UNCONDITIONAL MANDATORY GENERAL CASH OFFER BY  
GEAR SECURITIES INVESTMENT LIMITED  
FOR AND ON BEHALF OF TANG YIU SING  
TO ACQUIRE ALL THE ISSUED SHARES OF  
PINE CARE GROUP LIMITED  
(OTHER THAN THOSE ALREADY OWNED BY AND/OR  
AGREED TO BE ACQUIRED BY TANG YIU SING AND  
THE PARTIES ACTING IN CONCERT WITH HIM)**

**1. INTRODUCTION**

Reference is made to the Joint Announcement where on 5 February 2020 (after trading hours), the Vendor and the Purchasers entered into the SPA pursuant to which the Vendor has conditionally agreed to sell and the Purchasers have conditionally agreed to acquire a total 469,496,000 Sale Shares at a total cash consideration of HK\$773,259,912 (equivalent to HK\$1.647 per Sale Share). The Sale Shares represented approximately 52.00% of the total issued share capital of the Company as at the Latest Practicable Date. The SPA became unconditional and Completion took place on 11 February 2020.

It was further announced that pursuant to Rule 26.1 of the Takeovers Code, upon Completion, the Offeror will be required to make the Offer for all the issued Shares (other than those Shares already owned by or agreed to be acquired by the Offeror and parties acting in concert with him).

As at the Latest Practicable Date, the Offeror and the parties acting in concert with him held 609,784,000 Shares, representing approximately 67.54% of the total issued share capital of the Company, which include 474,480,000 Shares held by the Purchasers, i.e. the Offeror and Mr. SB Tang (representing approximately 52.55% of the total issued share capital of the Company) and 135,304,000 Shares held by the Vendor (representing approximately 14.99% of the total issued share capital of the Company).

## LETTER FROM GEAR

This letter forms part of the Composite Document which sets out, among other things, the details of the Offer, information on the Offeror and the intention of the Offeror regarding the Group. Further details of terms and procedures of acceptance of the Offers are set out in Appendix I to the Composite Document and the accompanying Form of Acceptance.

### The SPA

The Board was informed by the Vendor that the Vendor and the Purchasers entered into the SPA on 5 February 2020 (after trading hours), pursuant to which the Vendor conditionally agreed to sell and the Purchasers (through companies held as to 100% by them) conditionally agreed to purchase, in aggregate, 469,496,000 Sale Shares, representing approximately 52.00% of the existing issued share capital of the Company as at the Latest Practicable Date. The total consideration for the Sale Shares is HK\$773,259,912, equivalent to HK\$1.647 per Sale Share. Completion took place on 11 February 2020.

The purchase price of HK\$1.647 per Sale Share was determined after arm's length negotiations between the Purchasers and the Vendor with reference to, among others, (i) the well-established brand and the leadership position held by the Company in the Hong Kong EBPS market<sup>1</sup>; (ii) the strategic value and the development potential of the Company's new projects in the luxury segment<sup>2</sup>; and (iii) the preliminary assessment of the potential fair value revaluation of the RCHE properties held by the Company. The property valuation report issued by Roma Appraisals Limited, an independent valuer engaged by the Company, in respect of the valuation of the properties of the Company as at 30 November 2019, is set out in Appendix III of this Composite Document.

The Sale Shares Purchase Price is payable by the Purchasers to the Vendor as follows:

- (a) an amount of HK\$502,618,942 in cash (i.e. the 1st Consideration Payment), representing approximately 65% of the Sale Shares Purchase Price, has been paid upon Completion, of which:
  - (i) HK\$291,720,592 has been paid by the Offeror; and
  - (ii) HK\$210,898,350 has been paid by Mr. SB Tang;

<sup>1</sup> According to page 226 of the prospectus of the Company dated 27 January 2017, in 2015, the Group was the second largest private RCHE operator in Hong Kong and the largest private RCHE operator participating in the EBPS in Hong Kong in 2015.

<sup>2</sup> As disclosed in the interim report of the Company for the six months ended 30 September 2019, the Group's projects in the luxury segment include, among others: (i) Pine Care Place — a luxury RCHE; (ii) Patina Wellness — an integrated senior wellness hub; (iii) Pine Care Yada — the Group's first project in Mainland China; and (iv) Pine Care Point — a luxury RCHE specialising in dementia care.

## LETTER FROM GEAR

- (b) an amount of HK\$135,320,485 in cash (i.e. the 2nd Consideration Payment), representing approximately 17.5% of the Sale Shares Purchase Price, shall be payable on the date falling 9 months after the date of the SPA (i.e. the 2nd Consideration Payment Date), of which:
  - (i) HK\$78,540,160 shall be payable by the Offeror; and
  - (ii) HK\$56,780,325 shall be payable by Mr. SB Tang;
- (c) an amount of HK\$135,320,485 in cash (i.e. the 3rd Consideration Payment), representing the balance of approximately 17.5% of the Sale Shares Purchase Price, shall be payable on the date falling 18 months after the date of the SPA (i.e. the 3rd Consideration Payment Date), of which:
  - (i) HK\$78,540,160 shall be payable by the Offeror; and
  - (ii) HK\$56,780,325 shall be payable by Mr. SB Tang.

No interest shall accrue on the 2nd Consideration Payment and the 3rd Consideration Payment payable to the Vendor.

The settlement method of the Sale Shares Purchase Price by instalments (including the fact that no interest shall accrue on the 2nd Consideration Payment and the 3rd Consideration Payment payable to the Vendor) was as a result of commercial discussions amongst the parties balancing the need for a definitive Completion timeline while sacrificing the time value for money through payment by instalments. Neither parties to the SPA would prefer to defer the Completion Date to a later date when it is commercially viable to achieve Completion with the banking facilities available to the Purchasers enabling the Purchasers, at Completion, to confirm that the 1st Consideration Payment will be settled via CCASS on the second Business Day after the Completion Date, while settling the remaining portion (i.e. 35%) of the Sale Shares Purchase Price on a deferred basis. In addition, the Vendor took comfort in the established business co-operation between the parties under “Patina Wellness” and the tenancy arrangement for the relevant property leased by Patina Wellness.

- (a) In consideration of the Vendor entering into the SPA, each of the Purchasers unconditionally and irrevocably jointly and severally agreed to covenant and undertake with the Vendor, throughout the continuance of the SPA and until full and final payment of the 2nd Consideration Payment and the 3rd Consideration Payment and, unless with the prior written consent of the Vendor (such consent shall not be unreasonably withheld or delayed), the Purchasers shall, among other things:
  - (i) not to dispose of the Sale Shares until (i) the Offeror’s repayment obligations under the Loan Agreement; and (ii) the Purchasers’ payment obligations under the SPA with respect to Sale Shares Purchase Price have been fully discharged and in a manner reasonably satisfactory to the Vendor; and

## LETTER FROM GEAR

- (ii) keep the sale proceeds, if any, obtained from the sale of Shares for the purpose of restoring the public float of the Company as required after the acceptance of the Shares under the Offer in the Offeror's designated securities account and withdraw such sale proceeds only for the sole purpose of discharging the Offeror's repayment obligations under the Loan Agreement.
- (b) Notwithstanding paragraphs (a)(i) and (ii) above, the Purchasers and the Offeror shall have full liberty to dispose of their respective Sale Shares and the Shares acquired through the Offer provided that such disposal (the "**Disposal**") satisfies (i) any of the following conditions in this paragraph (b); and (ii) paragraph (c) below:
  - (i) the Disposal, together with any other Disposal within 18 months before such Disposal, is for an aggregate consideration of not more than HK\$10 million;
  - (ii) the proceeds obtained from such Disposal will be sufficient to repay the outstanding amount of the Loan under the Loan Agreement (the "**Outstanding Loan**") in full and such repayment will be fully made upon receipt of the sale proceeds from the Disposal;
  - (iii) the market value based on the immediate previous 5-Day average closing price (the "**Market Value**") of the aggregate Shares held, directly or indirectly, by the Offeror and Mr. SB Tang, is not less than 1.5 times of the Sale Shares Purchase Price after the intended Disposal;
  - (iv) if, after full repayment of the Outstanding Loan, the Market Value of the aggregate Shares then held, directly or indirectly, by Mr. SB Tang and the Offeror is not less than 1.5 times of the aggregate of the 2nd Consideration Payment and the 3rd Consideration Payment after the intended Disposal;
  - (v) if, after full repayment of the Outstanding Loan and repayment for the 2nd Consideration Payment, the Market Value of the Shares then held, directly or indirectly, by Mr. SB Tang and the Offeror is not less than 1.5 times of the 3rd Consideration Payment after the intended Disposal; or
  - (vi) the sale proceeds obtained from the Disposal shall be deposited at the Offeror's designated securities account with Gear.
- (c) The Offeror and Mr. SB Tang shall inform the Vendor of the Disposal no later than the next Business Day after completion of such Disposal.

### Loan Agreement

On 5 February 2020, the Vendor (as lender) entered into the Loan Agreement with the Offeror (as borrower) in respect of an unsecured loan in a principal amount of up to HK\$500 million. The loan is non-interest bearing and the Offeror will repay the



## LETTER FROM GEAR

outstanding amount of the Loan in full on the date falling three months from the Completion Date, or 10 business days after the closing date of the Offer, whichever is later. The proceeds shall be used to finance the consideration payable under the Offer.

The Offeror shall apply the unutilised portion of the Loan, representing the principal amount of HK\$500 million less the total amount of the purchase price of the Offer Shares paid out or to be paid out by Gear to holders of the Offer Shares, in full for prepayment of the Loan seven (7) business days after the closing date of the Offer.

If the Offer for whatever reason terminates, lapses or is withdrawn, (i) (to the extent that the Vendor has not remitted the Loan to the designated account of the Offeror held with Gear) any commitment of the Vendor to make the Loan will be immediately cancelled; and (ii) the Offeror shall prepay the Loan in full seven (7) business days after the termination, lapse or withdrawal of the Offer, and apply the amount standing to the credit of the aforesaid designated account in full for such prepayment.

Mr. SB Tang has provided Personal Guarantee in favour of the Vendor to guarantee the punctual performance by the Offeror of all his obligations under the Loan Agreement.

Due to the loan arrangement contemplated under the Loan Agreement and the deferred payment of the 2nd Consideration Payment and the 3rd Consideration Payment, the Vendor following Completion and prior to the full settlement of the 2nd Consideration Payment and the 3rd Consideration Payment by the Offeror, are presumed to be acting in concert with the Offeror under Class (9) of the definition of “acting in concert” under the Takeover Code.

The Loan Agreement is an integral part of the Offer and is part and parcel of the commercial discussions between the Vendor and the Offeror. The Vendor is willing to agree to the terms of the Loan Agreement as the Vendor and the Offeror have already built up trust through their existing business cooperation relationships under “Patina Wellness”.

The Vendor is satisfied that the Offeror will be able to honour the relevant repayment obligations under the Loan Agreement primarily based on, among other things, the following: (i) in consideration of the Vendor agreeing to make available to the Offeror the Loan, Mr. SB Tang (being the father of the Offeror and the other Purchaser) agrees to enter into a personal guarantee for all the liabilities and obligations of the Offeror under the Loan Agreement in favour of the Vendor; (ii) the Vendor also took comfort in knowing that (a) Mr. SB Tang’s reputation as one of Hong Kong’s preeminent professional property investors; and (b) the property portfolio of Mr. SB Tang and Mr. SB Tang’s interest in companies which are beneficially owned by him (including one of the properties which is leased to the Group).

## LETTER FROM GEAR

### Call Options

The Vendor has granted the Call Options to the Offeror, pursuant to which the Offeror (or the Nominees) has the right to require the Vendor to transfer at a price per Share equal to the Offer Price:

- (i) up to 31,608,000 Shares, representing approximately 3.5% of the issued share capital of the Company as at the Latest Practicable Date, during the period commencing from the 15th calendar day before the 2nd Consideration Payment Date and ending on the 15th calendar day after the 2nd Consideration Payment Date; and
- (ii) up to 31,608,000 Shares, representing approximately 3.5% of the issued share capital of the Company as at the Latest Practicable Date, during the period commencing from the 15th calendar day before the 3rd Consideration Payment Date and ending on the 15th calendar day after the 3rd Consideration Payment Date.

Settlement of the consideration for the respective Call Options will be made from the Purchasers' and/or the Offeror's own resources or banking facilities available to them respectively.

The Call Options are part and parcel of the commercial discussions between the Vendor and the Offeror. The Offeror will have the right, but not the obligation, to acquire the additional 63,216,000 Shares, in aggregate, at the same Offer Price, despite that the Call Options are only exercisable (i) during the period commencing from the 15th calendar day before the 2nd Consideration Payment Date and ending on the 15th calendar day after the 2nd Consideration Payment Date; or (ii) during the period commencing from the 15th calendar day before the 3rd Consideration Payment Date and ending on the 15th calendar day after the 3rd Consideration Payment Date (as the case may be). The Vendor is of the view that the existence of the Call Options would allow the Offeror (and the Purchasers) at their discretion whether to increase their shareholding in the Company at the same price as the Offer Price during the respective exercise periods. Since the Call Options are exercisable at the Offer Price, the Vendor does not derive any additional benefit or premium above the terms of the Offer. The Call Options mainly served as a deal sweetener which, in the opinion of the Vendor, would attract the interest of the Purchasers during the commercial discussion of the Transactions.

Furthermore, in the event that the Offeror exercises the Call Options in full, the Vendor would still hold approximately 7.98% of the issued share capital of the Company (assuming there is no change in the issued share capital of the Company between the Latest Practicable Date and the exercise date(s) of the Call Options).

### The Offer

Immediately prior to Completion, the Offeror and parties acting in concert with him (save and except for the Vendor) were interested in 4,984,000 Shares, representing approximately 0.55% of the issued share capital of the Company. Immediately upon

## LETTER FROM GEAR

Completion and as at the Latest Practicable Date, the Offeror and the parties acting in concert with him were interested in 609,784,000 Shares, representing approximately 67.54% of the total issued share capital of the Company, which include 474,480,000 Shares held by the Purchasers, i.e. the Offeror and Mr. SB Tang (representing approximately 52.55% of the total issued share capital of the Company) and 135,304,000 Shares held by the Vendor (representing approximately 14.99% of the total issued share capital of the Company).

Pursuant to Rule 26.1 of the Takeovers Code, the Offeror is required to make an unconditional mandatory general cash offer for all the issued Shares (other than those already owned by and/or agreed to be acquired by the Offeror or parties acting in concert with him).

As at the Latest Practicable Date, the Company had 902,880,000 Shares in issue. The Company did not have any outstanding convertible securities, warrants, options or derivatives in issue which may confer any rights to subscribe for, convert or exchange into Shares as at the Latest Practicable Date.

Offer Shareholders are strongly advised to consider carefully the information contained in the “Letter from the Board”, the “Letter from the Independent Board Committee” and the “Letter from the Independent Financial Adviser” as set out in the Composite Document and to consult their professional advisers before reaching a decision as to whether or not to accept the Offer.

## 2. THE OFFER

### A. Principal terms of the Offer

Gear is making the Offer for and on behalf of the Offeror in compliance with the Takeovers Code on the following terms:

For every Offer Share . . . . . HK\$1.647 in cash

The Offer Price of HK\$1.647 per Offer Share is the same as the price per Sale Share payable by the Purchasers under the SPA.

As at the Latest Practicable Date, the Offeror and the parties acting in concert with him held 609,784,000 Shares, representing approximately 67.54% of the total issued share capital of the Company, which include 474,480,000 Shares held by the Purchasers, i.e. the Offeror and Mr. SB Tang (representing approximately 52.55% of the total issued share capital of the Company) and 135,304,000 Shares held by the Vendor (representing approximately 14.99% of the total issued share capital of the Company). Save for the aforesaid, the Offeror and the parties acting in concert with him do not have any other interests in the share capital or voting rights of the Company.

## LETTER FROM GEAR

### B. Comparison of value

The Offer Price of HK\$1.647 represents:

- (i) a premium of approximately 0.43% over the closing price of HK\$1.64 per Share as quoted on the Stock Exchange on the Latest Practicable Date;
- (ii) a premium of approximately 105.9% over the closing price of HK\$0.80 per Share as quoted on the Stock Exchange on the Last Trading Day;
- (iii) a premium of approximately 116.7% over the average closing price of approximately HK\$0.76 per Share as quoted on the Stock Exchange for the last five consecutive trading days up to and including the Last Trading Day;
- (iv) a premium of approximately 87.2% over the average closing price of approximately HK\$0.88 per Share as quoted on the Stock Exchange for the last ten consecutive trading days up to and including the Last Trading Day;
- (v) a premium of approximately 55.4% over the average closing price of approximately HK\$1.06 per Share as quoted on the Stock Exchange for the last 30 consecutive trading days up to and including the Last Trading Day;
- (vi) a premium of approximately 638.6% over the unaudited consolidated NAV attributable to the Shareholders as at 30 September 2019 per Share of approximately HK\$0.223 (based on 902,880,000 Shares in issue as at the Latest Practicable Date and the unaudited consolidated NAV attributable to the Shareholders as at 30 September 2019 of approximately HK\$201.2 million); and
- (vii) a premium of approximately 43.8% over the adjusted unaudited consolidated NAV attributable to the Shareholders as at 30 September 2019 of approximately HK\$1,033.5 million (“**Adjusted Unaudited NAV**”) or HK\$1.145 per Share (based on 902,880,000 Shares in issue as at the Latest Practicable Date). The Adjusted Unaudited NAV is arrived at after taking into account of (i) the NAV attributable to the Shareholders as at 30 September 2019 of approximately HK\$201.2 million; and (ii) the revaluation surplus of approximately HK\$832.3 million, being the premium of the approximately HK\$1,428.1 million total valuation, as stated in the property valuation report issued by Roma Appraisals Limited (an independent valuer engaged by the Company in respect of the valuation of the properties of the Group as at 30 November 2019, as set out in Appendix III to this Composite Document), over the net book value of the properties of approximately HK\$595.8 million as at 30 September 2019. The Adjusted Unaudited NAV is for illustrative purposes only and should not be regarded as the actual reassessed NAV of the Group.

The Offer is unconditional in all respects. The Offer extends to all Offer Shareholders in accordance with the Takeovers Code.

**C. Total consideration of the Offer**

As at the Latest Practicable Date, there were 902,880,000 Shares in issue. Assuming that there is no change in the issued share capital of the Company and on the basis of the Offer Price of HK\$1.647 per Share, the entire issued share capital of the Company is valued at HK\$1,487,043,360. As the Offeror and parties acting in concert with him (save and except for the Vendor) held 474,480,000 Shares, and the Vendor has provided an Irrevocable Undertaking that it will (i) not sell, transfer, charge, pledge or (save for the granting of the Call Options) grant any option over or otherwise dispose of or create any encumbrances in respect of any of the Retained Shares or any interest in any of the Retained Shares prior to the expiry of the Offer Period; and (ii) not tender the Retained Shares for acceptance under the Offer, 293,096,000 Shares, representing approximately 32.46% of the issued share capital of the Company as at the Latest Practicable Date, will be subject to the Offer, and the aggregate cash consideration payable by the Offeror under the Offer will be HK\$482,729,112.

**D. Financial resources available for the Offer**

The maximum amount of cash payable by the Offeror in respect of full acceptances of the Offer is HK\$482,729,112, assuming there is no change in the issued share capital of the Company from the Latest Practicable Date up to the close of the Offer. The Offeror intends to finance the consideration payable under the Offer from the principal loan amount under the Loan Agreement which has been entered into between the Vendor (as lender) and the Offeror (as borrower) on 5 February 2020 in respect of an unsecured loan in a principal amount of up to HK\$500 million. For details on the Loan Agreement, please refer to the above paragraph headed “Loan Agreement” under the section headed “1. Introduction” above. The Offeror does not intend that the payment of any interest on, repayment of or provision of security for any liability (contingent or otherwise), if applicable, will depend to any significant extent on the business of the Company.

Trinity, as the financial adviser to the Offeror, is satisfied that sufficient financial resources are, and will remain, available to the Offeror to satisfy the consideration payable upon full acceptance of the Offer.

**E. Effect of accepting the Offer**

By accepting the Offer, Shareholders will sell their Shares to the Offeror free from all liens, claims, encumbrances and all third party rights and with all rights attached thereto as at the date of this Composite Document or subsequently becoming attached to them, including the right to receive all dividends and other distributions declared, paid or made, if any, on or after the date of this Composite Document.

As at the Latest Practicable Date, none of the dividends declared by the Company remained unpaid. The Company confirms that it does not intend or plan to declare any dividends or make other distributions during the Offer Period.

**F. Stamp duty**

Seller's ad valorem stamp duty payable by the Shareholders who accept the Offer and calculated at a rate of 0.1% of (i) the market value of the Shares; or (ii) the consideration payable by the Offeror in respect of the relevant acceptances of the Offer, whichever is higher, will be deducted from the amount payable by the Offeror to such person on acceptance of the Offer.

**G. Settlement**

Settlement of the considerations for the Offer Shares will be made in cash (rounding up to the nearest cent) as soon as possible but in any event within seven Business Days of the date on which the relevant documents of title are received by or on behalf of the Offeror (or its agent) to render each such acceptance complete and valid.

**H. Tax Implications**

None of the Company, the Offeror and parties acting in concert with him, Gear, Trinity, Opus Capital, Grand Moore, the Registrar or any of their respective ultimate beneficial owners, directors, officers, professional advisers, agents or associates or any other person involved in the Offer is in a position to advise the Offer Shareholders on their individual tax implications. The Offer Shareholders are recommended to consult their own professional advisers as to the taxation implications of accepting or rejecting the Offer. None of the Company, the Offeror and parties acting in concert with him, Gear, Trinity, Opus Capital, Grand Moore, the Registrar or any of their respective ultimate beneficial owners, directors, officers, professional advisers, agents or associates or any other person involved in the Offer accepts any responsibility for any taxation effects on, or liabilities of, any persons as a result of their acceptance or rejection of the Offer.

**I. Overseas Shareholders**

The making of the Offer to the Overseas Shareholders may be prohibited or affected by the laws of the relevant jurisdictions in which they are resident. Overseas Shareholders should obtain appropriate legal advice regarding the implications of the Offer in the relevant jurisdictions or keep themselves informed about and observe any applicable legal or regulatory requirements. It is the responsibility of Overseas Shareholders who wish to accept the Offer to satisfy themselves as to the full observance of the laws and regulations of all relevant jurisdictions in connection with the acceptance of the Offer (including but not limited to the obtaining of any governmental, exchange control or other consents and any registration or filing which may be required and the compliance with all other necessary formalities, regulatory and/or legal requirements and the payment of any transfer or other taxes due by the accepting Shareholders).

Acceptance of the Offer by any Overseas Shareholder will be deemed to constitute a warranty by such person that such person is permitted under all applicable laws and regulations to receive and accept the Offer, and any revision thereof, and such acceptance

## LETTER FROM GEAR

shall be valid and binding in accordance with all applicable laws and regulations. Any such person is recommended to seek professional advice on deciding whether or not to accept the Offer.

### 3. INFORMATION ON THE OFFEROR

Mr. Tang Yiu Sing, Chairman of Stan Group, has over 15 years of solid experience in property investment, asset management and business operations. He founded Stan Group in 2013, and under his leadership, Stan Group has grown into a conglomerate that has expanded from a property investment business into a diversified group. Stan Group manages the real estate portfolio in strategic partnership with Mr. SB Tang's family and is committed to expanding business operations such as hotel operations, F&B businesses and other usages into properties to bring substantial enhancement to asset valuation. For instance, Mr. Tang Yiu Sing turned a few industrial building revitalisation projects into hotels.

In 2018, Utopia (the sole ultimate shareholder of which is Mr. Tang Yiu Sing) and Pine Care Elegance entered into a joint venture for the establishment of Patina Wellness. Patina Wellness maintains a serviced apartment business concept incorporated with elderly care service and operates the Hong Kong's first integrated senior elderly wellness hub residence run by the private sector.

### 4. INFORMATION ON THE GROUP

Your attention is drawn to the section headed "4. Information on the Group" in the "Letter from the Board" on page 29 of this Composite Document.

### 5. INTENTION OF THE OFFEROR IN RELATION TO THE GROUP

Following the close of the Offer, the Offeror intends to continue the existing principal businesses of the Group, namely elderly care and related business in Hong Kong and China. The Offeror will discuss and explore with the Board, from time to time, any new business opportunities, including and not limited to the elderly care business sector, and any fund raising activities (including the possible placement of new Shares in order to maintain public float of the Company after completion of the Offer), with a view to enhance the business potential of the Group. In addition, the Offeror has no intention to discontinue the employment of any employees of the Group (save for the change of Board composition as disclosed in the section headed "6. Proposed change of Board composition" below) or to redeploy the fixed assets of the Group other than those in its ordinary and usual course of business or if and when opportunities arise. Save as disclosed above and as at the Latest Practicable Date, the Offeror and parties acting in concert with him (including Mr. SB Tang) have no intention to inject any assets, businesses or new businesses into the Group nor to dispose of any assets or business of the Group. In any event, the Offeror will comply with the applicable Listing Rules, as appropriate, relating to any business opportunities or growth potentials for the Group in the future.



## **6. PROPOSED CHANGE OF BOARD COMPOSITION**

The Board currently comprises four executive Directors, namely Mr. Yim Ting Kwok (chairman of the Board), Mr. Yim Billy Pui Kei (chief executive officer), Mr. Chan Yip Keung and Mr. Yim Edwin Pui Hin; two non-executive Directors, namely Mr. Ng Kwok Fu Alex and Mr. Lam Yat Hon; and three independent non-executive Directors, namely Dr. Wong Ping San John, Mr. Liu Kwong Sang and Dr. Liu Yuk Shing.

The Offeror intends to nominate the following proposed Directors to the Board for appointment with effect from a date which is no earlier than such date as permitted under Rule 26.4 of the Takeovers Code. After the close of the Offer, save for Mr. Yim Billy Pui Kei and Mr. Chan Yip Keung who will remain as executive Directors, and Dr. Wong Ping San John, Mr. Liu Kwong Sang and Dr. Liu Yuk Shing who will remain as independent non-executive Directors, the other existing Directors of the Company will resign from the Board with effect from a date which is no earlier than such date as permitted under Rule 7 of the Takeovers Code. Such appointments and resignations will be made as and when appropriate in accordance with the Takeovers Code and the Listing Rules.

The Offeror and the Company will take all steps necessary to ensure that the number of independent non-executive Directors does not fall below one-third of the total number of the Directors for a period longer than three months from the date that the Composite Document is posted, such that the Company shall continue to be compliant with Rule 3.11 of the Listing Rules.



## LETTER FROM GEAR

The biographical information of the proposed Directors nominated by the Offeror is set out below:

### **Proposed executive Directors**

*Mr. Tang Yiu Sing (鄧耀昇)*

Mr. Tang Yiu Sing, aged 34, has over 15 years of solid experience in property investment, asset management and business operations. He is the founder and Chairman of Stan Group, a company engaged in various businesses with more than 40 respected brands across five business pillars: property, hospitality, communication services, financial services and the “STILE” (Social, Technology, Innovation, Leadership and Entrepreneurship) innovative businesses with social purposes, for which he is responsible for the corporate strategic planning and overall business development. He is the Chief Executive Officer of Tang’s Living Group, a member of Stan Group. He is also an Executive Director and the Chief Executive Officer of ETS Group Limited (stock code: 8031).

As well as his business activities, Mr. Tang Yiu Sing actively participates in serving communities and philanthropy work, especially in the areas of Mainland-Hong Kong collaboration, public services and community contribution. He has been appointed to serve on various government advisory and statutory bodies in Hong Kong, Mainland China and internationally. He is currently a director of the China Overseas Friendship Association, a standing committee member of The Chinese People’s Political Consultative Conference — Dongguan, chief advisor to the Honorary Consul for Fiji in Hong Kong, an award council member for the Hong Kong Award for Young People, a co-opted member of Task Force of The Social Innovation and Entrepreneurship Development Fund, an executive member of Y.Elite Association and Chairperson of committee on Industries & Commerce of Y.Elite Association and a director of the board of The Community Chest of Hong Kong. In 2019, he also founded the Dongguan-Hong Kong Bay Area Association, serving as the president, in order to bring new vitality into the economic development of the area.

Mr. Tang Yiu Sing graduated from University of Western Ontario with an Executive Masters in Business Administration degree and The Hong Kong Polytechnic University with an Executive Masters in Innovation Leadership degree. He also received an Honorary Fellowship from The Professional Validation Centre of Hong Kong Business Sector in 2019. Mr. Tang is the brother of Dr. Tang Yiu Pong.

Save as disclosed above, Mr. Tang Yiu Sing (i) has not served in any public companies the securities of which are listed on any securities market in Hong Kong or overseas in the past three years; (ii) does not hold any other positions in the Company or any of its subsidiaries; and (iii) does not have any relationship with any director, senior management, substantial shareholder or controlling shareholder of the Company. As at the Latest Practicable Date, Mr. Tang Yiu Sing does not hold any Share interests within the meaning of Part XV of the SFO.

## LETTER FROM GEAR

*Mr. Yeung Ka Wing (楊家榮)*

Mr. Yeung Ka Wing (“**Mr. Yeung**”), aged 47, has over 20 years of experience in accounting, auditing, and corporate restructuring. He is the Chief Financial Officer of Stan Group and the Executive Director of ETS Group Limited (stock code: 8031). Prior to joining Stan Group, Mr. Yeung was the managing director of FTI Consulting, a consulting company specialised in, among other things, corporate restructuring, receivership and forensic accounting. Mr. Yeung was an Executive Director of Kirin Group Holdings Limited, formerly known as Creative Energy Solutions Holdings Limited (stock code: 8109), a company listed on GEM of the Stock Exchange, for the period from 30 January 2010 to 29 July 2010. Mr. Yeung graduated from Simon Fraser University with a bachelor’s degree in Business Administration majoring in Accounting in 1994 and obtained a master’s degree in Business Administration from the University of Western Ontario in 2014. He is a member of the American Institute of Certified Public Accountants and a Chartered Global Management Accountant.

Save as disclosed above, Mr. Yeung (i) has not served in any public companies the securities of which are listed on any securities market in Hong Kong or overseas in the past three years; (ii) does not hold any other positions in the Company or any of its subsidiaries; and (iii) does not have any relationship with any director, senior management, substantial shareholder or controlling shareholder of the Company. As at the Latest Practicable Date, Mr. Yeung does not hold any Share interests within the meaning of Part XV of the SFO.

*Mr. Cheng Wai Ching (鄭維政)*

Mr. Cheng Wai Ching (“**Mr. Cheng**”), aged 56, has over 30 years of experience in hospitality management and hotel operations. He is the Managing Director of Tang’s Living Group, a member of Stan Group.

Prior to joining Tang’s Living Group, Mr. Cheng was the General Manager of Dorsett Tsuen Wan Hotel and Silka Far East Hotel since 2013, and Mr. Cheng joined the Dorsett Group as the General Manager of Silka Far East Hotel in 2007. Mr. Cheng previously worked for the Majestic Hotel in 2000 as Front Office Manager and was promoted to Director of Sales in 2005. Mr. Cheng is a member of the Executive Committee of The Federation of Hong Kong Hotel Owners.

Save as disclosed above, Mr. Cheng (i) has not served in any public companies the securities of which are listed on any securities market in Hong Kong or overseas in the past three years; (ii) does not hold any other positions in the Company or any of its subsidiaries; and (iii) does not have any relationship with any director, senior management, substantial shareholder or controlling shareholder of the Company. As at the Latest Practicable Date, Mr. Cheng does not hold any Share interests within the meaning of Part XV of the SFO.

## LETTER FROM GEAR

### **Proposed non-executive Directors**

*Dr. Tang Yiu Pong (鄧耀邦)*

Dr. Tang Yiu Pong (“**Dr. Tang**”), aged 37, is the founder and Managing Director of J. Champion Holdings Ltd, a company engaged in retail, food and beverage purchasing, aesthetic medicine and direct marketing businesses. Dr. Tang has over 15 years of experience in retail and Chinese medicine practice. Dr. Tang graduated from Guangzhou University of Chinese Medicine. He holds a Bachelor’s Degree of Chinese Medicine, a Master Degree of Acupuncture and Massage, a Research Student Degree in Acupuncture and Massage (Master) and a PH. Degree of Acupuncture and Massage. He is also a qualified Clinical Hypnotherapist certified by the American Council of Hypnotist Examiners. Dr. Tang is the brother of Mr. Tang Yiu Sing.

Save as disclosed above, Dr. Tang (i) has not served in any public companies the securities of which are listed on any securities market in Hong Kong or overseas in the past three years; (ii) does not hold any other positions in the Company or any of its subsidiaries; and (iii) does not have any relationship with any director, senior management, substantial shareholder or controlling shareholder of the Company. As at the Latest Practicable Date, Dr. Tang does not hold any Share interests within the meaning of Part XV of the SFO.

*Mr. Wong Kin Chun Gilbert (黃健俊)*

Mr. Wong Kin Chun Gilbert (“**Mr. Wong**”), aged 58, has over 30 years of extensive experience in the financial sectors mainly in the fields of securities, asset management and wealth management. He is the Executive Director of Gear Financial Group. Prior to joining Gear Financial Group, Mr. Wong held senior management positions of several financial groups listed in Hong Kong, including Huarong International Securities Limited and CASH Financial Service Group. He held a Master Degree of Business Administration.

Save as disclosed above, Mr. Wong (i) has not served in any public companies the securities of which are listed on any securities market in Hong Kong or overseas in the past three years; (ii) does not hold any other positions in the Company or any of its subsidiaries; and (iii) does not have any relationship with any director, senior management, substantial shareholder or controlling shareholder of the Company. As at the Latest Practicable Date, Mr. Wong does not hold any Share interests within the meaning of Part XV of the SFO.

### **Proposed independent non-executive Director**

*Mr. Yuen Tak Tim Anthony (阮德添) MH, JP*

Mr. Yuen Tak Tim Anthony (“**Mr. Yuen**”), aged 66, is a marketing professional in the financial and insurance fields in which he held senior executive positions in a number of major international and local companies, in both private and public sectors, and is currently Chairman and Founder of Yue Tung Financial (Holdings) Limited. He is a Member of the CUHK, Convocation, and was a former Member of the Trustees of New

## LETTER FROM GEAR

Asia College and Vice-President of the Federation of Alumni Association of CUHK. Mr. Yuen was an Independent Non-Executive Director of Target Insurance (Holdings) Limited (stock code: 6161), a company listed on the Main Board of the Stock Exchange, for the period from 14 April 2015 to 7 January 2020.

Save as disclosed above, Mr. Yuen (i) has not served in any public companies the securities of which are listed on any securities market in Hong Kong or overseas in the past three years; (ii) does not hold any other positions in the Company or any of its subsidiaries; and (iii) does not have any relationship with any director, senior management, substantial shareholder or controlling shareholder of the Company. As at the Latest Practicable Date, Mr. Yuen does not hold any Share interests within the meaning of Part XV of the SFO.

Further announcement(s) will be made upon any changes to the composition to the Board in accordance with the requirements of the Listing Rules and the Takeovers Code as and when appropriate.

### **7. MAINTAINING THE LISTING STATUS OF THE COMPANY**

The Offeror intends the issued Shares to remain listed on the Stock Exchange after the close of the Offer.

Pursuant to the Listing Rules, if, at the closing of the Offer, less than 25% of the issued Shares are held by the public or if the Stock Exchange believes that: (i) a false market exists or may exist in the trading of the Shares; or (ii) there are insufficient Shares in public hands to maintain an orderly market, then the Stock Exchange will consider exercising its discretion to suspend trading in the Shares.

The Offeror and the new directors to be appointed to the Board have jointly and severally undertaken to the Stock Exchange to take appropriate steps to ensure that sufficient public float exists in the Shares.

### **8. COMPULSORY ACQUISITION**

The Offeror does not intend to avail itself of any powers of compulsory acquisition of any Shares outstanding after the close of the Offer.

### **9. GENERAL**

To ensure equality of treatment to all Offer Shareholders, those registered Offer Shareholders who hold any Offer Shares as nominee for more than one beneficial owner should, as far as practicable, treat the holding of each beneficial owner separately. In order for the beneficial owners of the Offer Shares whose investments are registered in the names of nominees to accept the Offer, it is essential that they provide instructions to their nominees of their intentions with regard to the Offer. The attention of Offer Shareholders with registered addresses outside Hong Kong is also drawn to the paragraph headed “6. Overseas Shareholders” in Appendix I to this Composite Document.

## LETTER FROM GEAR

To accept the Offer, Offer Shareholders should complete and sign the accompanying Form of Acceptance in accordance with the instructions printed thereon. The Form of Acceptance forms part of the terms of the Offer. The duly completed Form of Acceptance together with the relevant share certificate(s) and/or transfer receipt(s) and/or other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) must be sent by post or by hand to the Registrar at Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong in an envelope marked "Pine Care Group Limited — Cash Offer" to be received by the Registrar no later than 4:00 p.m. on the Closing Date or such later time and/or date as the Offeror may determine and the Offeror may announce with the consent of the Executive in accordance with the Takeovers Code.

No acknowledgement of receipt of any Form of Acceptance, together with the share certificate(s) and/or transfer receipt(s), and/or any other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) will be given.

All documents and remittances sent to the Offer Shareholders by ordinary post will be sent to them at their own risk. Such documents and remittances will be sent to the Offer Shareholders at their respective addresses as they appear in the register of members of the Company, or in the case of joint Offer Shareholders, to the Offer Shareholder whose name appears first in the register of members of the Company. None of the Offeror, Gear, Trinity, the Registrar or any of their respective directors or professional advisers or any other parties involved in the Offer will be responsible for any loss or delay in transmission or any other liabilities that may arise as a result thereof.

### 10. ADDITIONAL INFORMATION

Your attention is drawn to the additional information regarding the Offer set out in the Appendices to this Composite Document and the accompanying Form of Acceptance, which form part of this Composite Document.

In considering what action to take in connection with the Offer, you should consider your own tax or financial position and if you are in any doubt, you should consult your professional advisers, especially if you are an Overseas Shareholder.

For and on behalf of  
**Gear Securities Investment Limited**  
**Wong Kin Chun Gilbert**  
*Director*

LETTER FROM THE BOARD



**Pine Care Group Limited**  
**松齡護老集團有限公司**

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

**(Stock Code: 1989)**

*Executive Directors:*

Mr. Yim Ting Kwok (*Chairman*)  
Mr. Yim Billy Pui Kei  
Mr. Chan Yip Keung  
Mr. Yim Edwin Pui Hin

*Non-Executive Directors:*

Mr. Ng Kwok Fu Alex  
Mr. Lam Yat Hon

*Independent Non-Executive Directors:*

Dr. Wong Ping San John  
Mr. Liu Kwong Sang  
Dr. Liu Yuk Shing

*Registered Office:*

Cricket Square  
Hutchins Drive  
P.O. Box 2681  
Grand Cayman KY1-1111  
Cayman Islands

*Head Office and Principal Place  
of Business in Hong Kong:*

G/F, 1 Koon Wah Lane  
68–72 Yuk Wah Street  
Tsz Wan Shan  
Kowloon  
Hong Kong

28 February 2020

*To the Offer Shareholders*

Dear Sir or Madam,

**UNCONDITIONAL MANDATORY GENERAL CASH OFFER BY  
GEAR SECURITIES INVESTMENT LIMITED  
FOR AND ON BEHALF OF TANG YIU SING  
TO ACQUIRE ALL THE ISSUED SHARES OF  
PINE CARE GROUP LIMITED  
(OTHER THAN THOSE ALREADY OWNED BY AND/OR  
AGREED TO BE ACQUIRED BY TANG YIU SING AND  
THE PARTIES ACTING IN CONCERT WITH HIM)**

**1. INTRODUCTION**

Reference is made to the Joint Announcement.

## LETTER FROM THE BOARD

### **The SPA**

The Board was informed by the Vendor that the Vendor and the Purchasers entered into the SPA on 5 February 2020 (after trading hours), pursuant to which the Vendor conditionally agreed to sell and the Purchasers (through companies held as to 100% by them) conditionally agreed to purchase, in aggregate, 469,496,000 Sale Shares, representing approximately 52.00% of the existing issued share capital of the Company as at the Latest Practicable Date. The total consideration for the Sale Shares is HK\$773,259,912, equivalent to HK\$1.647 per Sale Share. Completion took place on 11 February 2020.

### **The Offer**

Immediately prior to Completion, the Offeror and parties acting in concert with him (save and except for the Vendor) were interested in 4,984,000 Shares, representing approximately 0.55% of the issued share capital of the Company. Immediately upon Completion and as at the Latest Practicable Date, the Offeror and the parties acting in concert with him were interested in 609,784,000 Shares, representing approximately 67.54% of the total issued share capital of the Company, which include 474,480,000 Shares held by the Purchasers, i.e. the Offeror and Mr. SB Tang (representing approximately 52.55% of the total issued share capital of the Company) and 135,304,000 Shares held by the Vendor (representing approximately 14.99% of the total issued share capital of the Company).

Pursuant to Rule 26.1 of the Takeovers Code, the Offeror is required to make an unconditional mandatory general cash offer for all the issued Shares (other than those already owned by and/or agreed to be acquired by the Offeror or parties acting in concert with him).

As at the Latest Practicable Date, the Company had 902,880,000 Shares in issue. The Company did not have any outstanding convertible securities, warrants, options or derivatives in issue which may confer any rights to subscribe for, convert or exchange into Shares as at the Latest Practicable Date.

The purpose of this Composite Document (of which this letter forms part) is to provide you with, among other things, (i) information relating to the Group, the Offeror and the Offer; (ii) the letter from the Independent Board Committee containing its recommendation to the Offer Shareholders in relation to the Offer; and (iii) the letter from the Independent Financial Adviser containing its advice and recommendation to the Independent Board Committee in relation to the Offer.



## LETTER FROM THE BOARD

### 2. INDEPENDENT BOARD COMMITTEE AND INDEPENDENT FINANCIAL ADVISER

As at the Latest Practicable Date, Mr. Lam Yat Hon, a non-executive Director, is also a director and shareholder holding 4.62% of the total issued shares of Silverage Pine Care. Silverage Pine Care in turn held 90% of the total issued shares of the Vendor. To avoid any possible direct or indirect interest in the Offer, Mr. Lam Yat Hon has excused himself from being a member of the Independent Board Committee.

As at the Latest Practicable Date, Mr. Ng Kwok Fu Alex, a non-executive Director, is also a director of each of Silverage Pine Care and Silverage Pillar. Further, (i) Silverage Pine Care (which held 90% of the total issued shares of the Vendor) is owned as to approximately 43.00% by Mr. Yim Ting Kwok, approximately 6.59% by Ms. Cho Wing Yin, approximately 9.89% by Mr. Ng Kwok Fu Alex, approximately 0.73% by Ms. Suen Mi Lai Betty, approximately 6.37% by Mr. Yim Billy Pui Kei, approximately 0.18% by Mr. Yim Edwin Pui Hin and approximately 7.49% by Ms. Chu Lai King, amounting to an aggregate of approximately 74.25%; and (ii) Silverage Pillar (which held 10% of the total issued shares of the Vendor) is owned as to approximately 74.87% by Mr. Yim Ting Kwok and approximately 18.72% by Mr. Ng Kwok Fu Alex, amounting to an aggregate of approximately 93.59%. To avoid any possible direct or indirect interest in the Offer, Mr. Ng Kwok Fu Alex has excused himself from being a member of the Independent Board Committee.

As such, the Independent Board Committee comprising all independent non-executive Directors only, namely Dr. Wong Ping San John, Mr. Liu Kwong Sang and Dr. Liu Yuk Shing, who have no direct or indirect interest in the Offer, has been established by the Company pursuant to Rule 2.1 of the Takeovers Code to advise the Offer Shareholders in respect of the Offer, as to whether the terms of the Offer are fair and reasonable and as to the acceptance of the Offer.

Grand Moore has been appointed as the Independent Financial Adviser to advise the Independent Board Committee in respect of the Offer and, in particular, as to whether the Offer is fair and reasonable and as to the acceptance of the Offer. The appointment of Grand Moore as the Independent Financial Adviser has been approved by the Independent Board Committee in accordance with Rule 2.1 of the Takeovers Code.



## LETTER FROM THE BOARD

### 3. THE OFFER

As disclosed in the “Letter from Gear” in this Composite Document, Gear, on behalf of the Offeror, is making the Offer to acquire all the issued Shares other than those already owned by and/or agreed to be acquired by the Offeror and parties acting in concert with him, in compliance with the Takeovers Code on the following basis:

For each Offer Share . . . . .HK\$1.647 in cash

The Offer Price of HK\$1.647 per Offer Share under the Offer is the same as the purchase price per Sale Share under the SPA.

The Offer is unconditional in all respects. The Offer extends to all Offer Shareholders in accordance with the Takeovers Code.

Further details regarding the Offer, including the terms and procedures for acceptance of the Offer are set out in the “Letter from Gear” and Appendix I to this Composite Document and the accompanying Form of Acceptance.

### 4. INFORMATION ON THE GROUP

The Company is incorporated in the Cayman Islands with limited liability and its Shares are listed on the Main Board of the Stock Exchange. The Group is principally engaged in the provision of elderly home care services in Hong Kong. The Company runs its business via two segments: (i) rendering of elderly home care services; and (ii) sale of elderly home related goods and provision of health care services.

Your attention is drawn to Appendices II and V to the Composite Document which contain the financial information of the Group and the general information of the Group, respectively.

# LETTER FROM THE BOARD

## 5. SHAREHOLDING STRUCTURE OF THE COMPANY

The table below sets out the shareholding structure of the Company (i) immediately prior to Completion; and (ii) immediately upon Completion and as at the Latest Practicable Date:

Shareholders	Immediately prior to Completion		Immediately upon Completion and as at the Latest Practicable Date	
	Number of Shares	%	Number of Shares	%
The Offeror (and his concert parties)				
— the Offeror	0	0	272,496,000	30.18
— Mr. SB Tang	4,984,000	0.55	201,984,000	22.37
— the Vendor	<u>604,800,000</u>	<u>66.99</u>	<u>135,304,000</u>	<u>14.99</u>
<b>Sub-total</b>	609,784,000	67.54	609,784,000	67.54
Yada HK ( <i>Note 1</i> )	85,536,000	9.47	85,536,000	9.47
Mr. Yim Ting Kwok ( <i>Note 2</i> )	4,568,000	0.51	4,568,000	0.51
Mr. Yim Billy Pui Kei ( <i>Note 2</i> )	320,000	0.03	320,000	0.03
Mr. Chan Yip Keung ( <i>Note 2</i> )	1,888,000	0.21	1,888,000	0.21
Public Shareholders	<u>200,784,000</u>	<u>22.24</u>	<u>200,784,000</u>	<u>22.24</u>
<b>Total</b>	<u>902,880,000</u>	<u>100</u>	<u>902,880,000</u>	<u>100</u>

### Notes

- Yada HK is a connected person of the Company at subsidiary level. 100% of the total number of issued shares of Yada HK was held by Yada International Holdings Limited as at the Latest Practicable Date.*
- Mr. Yim Ting Kwok, Mr. Yim Billy Pui Kei and Mr. Chan Yip Keung are the Directors.*
- As at the Latest Practicable Date, the public float of the Company is approximately 22.24%, which is below 25%, being the minimum prescribed percentage applicable to the Company.*

As disclosed in the table above, the Vendor owns the Retained Shares upon Completion, representing approximately 14.99% of the issued share capital of the Company as at the Latest Practicable Date. The Vendor decided to retain an interest in the Company based on the following considerations: (i) the Vendor treasures the memory of running and managing the business of the Group over the past years and would like to remain as the founding shareholder of the Company; (ii) the Vendor believes that the Offeror's vast experience in the Hong Kong property market and his ability to secure suitable sites will enhance the Group's future business expansion; and (iii) the Offeror values the long-term expertise and elderly care industry experience of the Vendor that comprises of the founding shareholder and the management team, which will be valuable to the future business growth of the Group.

## LETTER FROM THE BOARD

Save for the Call Options and the Irrevocable Undertaking as disclosed above, there is no other agreement/arrangement between the Vendor and its concert parties and the Offeror and its concert parties over the remaining Shares of the Vendor in the Company.

### 6. INFORMATION ON THE OFFEROR

Your attention is drawn to the section headed “3. Information on the Offeror” in the “Letter from Gear” in this Composite Document for information relating to the Offeror.

### 7. OFFEROR’S INTENTION ON THE COMPANY

Your attention is drawn to the section headed “5. Intention of the Offeror in relation to the Group” in the “Letter from Gear” in this Composite Document which sets out the intention of the Offeror with regard to the Group.

The Board is pleased to note the intention of the Offeror in respect of the Group as disclosed.

### 8. MAINTAINING THE LISTING STATUS OF THE COMPANY AND PUBLIC FLOAT

Your attention is drawn to the section headed “7. Maintaining the listing status of the Company” in the “Letter from Gear” in this Composite Document.

**The Offeror intends to maintain the listing of the Shares on the Main Board of the Stock Exchange after the close of the Offer. The Stock Exchange has stated that if, at the close of the Offer, less than the minimum prescribed percentage applicable to the Company, being 25% of the issued Shares, are held by the public at all times, or if the Stock Exchange believes that:**

- (i) a false market exists or may exist in the trading of the Shares; or**
- (ii) there are insufficient Shares in public hands to maintain an orderly market,**

**then, it will consider exercising its discretion to suspend dealings in the Shares until the prescribed level of public float is restored.**

The Offeror and the new directors to be appointed to the Board have jointly and severally undertaken to the Stock Exchange to take appropriate steps to ensure that sufficient public float exists in the Shares.

### 9. FURTHER INFORMATION

You are advised to read the “Letter from Gear” in this Composite Document and the accompanying Form of Acceptance for information relating to the Offer and the acceptance and settlement procedures of the Offer. Your attention is also drawn to the additional information contained in the appendices to this Composite Document.

## LETTER FROM THE BOARD

### 10. RECOMMENDATION

Your attention is drawn to (i) the “Letter from the Independent Board Committee” in this Composite Document, which contains its recommendation to the Offer Shareholders in relation to the Offer; and (ii) the “Letter from the Independent Financial Adviser” in this Composite Document, which contains its advice to the Independent Board Committee in relation to the Offer and the principal factors considered by it before arriving at its recommendation.

In considering what action to take in response to the Offer, you should also consider your own tax positions, if any, and in case of doubt, consult your professional advisers.

### 11. ADDITIONAL INFORMATION

Your attention is drawn to the additional information contained in the appendices to this Composite Document. You are also recommended to read Appendix I to this Composite Document and the accompanying Form of Acceptance carefully for further details in respect of the procedures for acceptance of the Offer.

Yours faithfully,  
By Order of the Board  
**Pine Care Group Limited**  
**Yim Ting Kwok**  
*Chairman*

## LETTER FROM THE INDEPENDENT BOARD COMMITTEE

*Set out below is the text of the letter of recommendation from the Independent Board Committee in respect of the Offer.*



28 February 2020

*To the Offer Shareholders*

Dear Sir or Madam,

**UNCONDITIONAL MANDATORY GENERAL CASH OFFER BY  
GEAR SECURITIES INVESTMENT LIMITED  
FOR AND ON BEHALF OF TANG YIU SING  
TO ACQUIRE ALL THE ISSUED SHARES OF  
PINE CARE GROUP LIMITED  
(OTHER THAN THOSE ALREADY OWNED BY AND/OR  
AGREED TO BE ACQUIRED BY TANG YIU SING AND  
THE PARTIES ACTING IN CONCERT WITH HIM)**

We refer to the Composite Document dated 28 February 2020 jointly issued by the Offeror and the Company (the “**Composite Document**”) of which this letter forms part. Unless the context requires otherwise, capitalised terms used herein shall have the same meanings as those defined in this Composite Document.

We have been appointed to constitute the Independent Board Committee to consider the terms of the Offer and to advise you as to whether, in our opinion, the terms of the Offer are fair and reasonable so far as the Offer Shareholders are concerned, and as to the acceptance of the Offer. Grand Moore has been appointed, with our approval, as the Independent Financial Adviser to advise us in this respect. Details of its advice and the principal factors taken into consideration in arriving at its recommendation are set out in the “Letter from the Independent Financial Adviser” of this Composite Document.

We also wish to draw your attention to the sections headed “Letter from the Board”, “Letter from Gear” and the additional information set out in the appendices to this Composite Document.

## LETTER FROM THE INDEPENDENT BOARD COMMITTEE

### RECOMMENDATION

Having considered the terms of the Offer and the advice of the Independent Financial Adviser, in particular, the principal factors, reasons and recommendation as set out in its letter of advice, we concur with the view of the Independent Financial Adviser and consider that the terms of the Offer are fair and reasonable so far as the Offer Shareholders are concerned. Accordingly, we recommend the Offer Shareholders to accept the Offer.

However, Offer Shareholders who intend to accept the Offer are reminded to closely monitor the market price and liquidity of the Shares during the Offer Period, and consider selling their Shares in the open market rather than accepting the Offer if the net proceeds from the sale of such Shares in the open market would exceed the net proceeds receivable under the Offer.

Notwithstanding our recommendation, the Offer Shareholders are strongly advised that the decision to realise or to hold their investments in the Company is subject to individual circumstances and investment objectives. If in doubt, the Offer Shareholders should consult their own professional advisers for professional advice. Furthermore, the Offer Shareholders who wish to accept the Offer are recommended to read the procedures for accepting the Offer as detailed in the Composite Document and the Form of Acceptance carefully.

Yours faithfully,  
For and on behalf of the  
**Independent Board Committee of  
Pine Care Group Limited**

**Dr. Wong Ping San John**  
*Independent  
non-executive Director*

**Mr. Liu Kwong Sang**  
*Independent  
non-executive Director*

**Dr. Liu Yuk Shing**  
*Independent  
non-executive Director*

## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

*The following is the full text of the letter of advice from Grand Moore Capital Limited, the Independent Financial Adviser in respect of the Offer, and is prepared for the purpose of incorporation into this Composite Document.*



中毅資本有限公司  
Grand Moore Capital Limited

Unit 1607, 16/F., Silvercord Tower 1, 30 Canton Road  
Tsim Sha Tsui, Kowloon, Hong Kong

28 February 2020

*To the Independent Board Committee of  
Pine Care Group Limited*

Dear Sirs,

**UNCONDITIONAL MANDATORY GENERAL CASH OFFER BY  
GEAR SECURITIES INVESTMENT LIMITED  
FOR AND ON BEHALF OF TANG YIU SING  
TO ACQUIRE ALL THE ISSUED SHARES OF  
PINE CARE GROUP LIMITED  
(OTHER THAN THOSE ALREADY OWNED BY AND/OR  
AGREED TO BE ACQUIRED BY TANG YIU SING AND  
THE PARTIES ACTING IN CONCERT WITH HIM)**

### INTRODUCTION

We refer to our appointment as the Independent Financial Adviser to advise the Independent Board Committee in respect of the Offer, details of which are set out in the Composite Document dated 28 February 2020 jointly issued by the Company and the Offeror to the Offer Shareholders, of which this letter forms part. Capitalised terms used in this letter shall have the same meanings as those defined in the Composite Document unless the context requires otherwise.

References are made to (i) the Joint Announcement; and (ii) the joint announcement dated 11 February 2020 jointly issued by the Company and the Offeror in respect of, among other things, Completion and the Offer (the “**Completion Announcement**”). The Board was informed by the Vendor that the Vendor and the Purchasers entered into the SPA on 5 February 2020 (after trading hours), pursuant to which the Vendor conditionally agreed to sell and the Purchasers (through companies held as to 100% by them) conditionally agreed to purchase, in aggregate, 469,496,000 Sale Shares, representing approximately 52.00% of the existing issued share capital of the Company as at the Latest Practicable Date. The total consideration for the Sale Shares is HK\$773,259,912, equivalent to HK\$1.647 per Sale Share. Completion took place on 11 February 2020.

It was further announced that pursuant to Rule 26.1 of the Takeovers Code, upon Completion, the Offeror is required to make the Offer for all the issued Shares (other than those Shares already owned by and/or agreed to be acquired by the Offeror and parties acting in concert with him).

## **LETTER FROM THE INDEPENDENT FINANCIAL ADVISER**

Immediately prior to the Completion, the Offeror and parties acting in concert with him (save and except for the Vendor) were interested in 4,984,000 Shares, representing approximately 0.55% of the issued share capital of the Company. Immediately upon Completion and as at the Latest Practicable Date, the Offeror and parties acting in concert with him were interested in 609,784,000 Shares, representing approximately 67.54% of the total issued share capital of the Company, which include 474,480,000 Shares held by the Purchasers, i.e. the Offeror and Mr. SB Tang (representing approximately 52.55% of the total issued share capital of the Company) and 135,304,000 Shares held by the Vendor (representing approximately 14.99% of the total issued share capital of the Company).

### **THE INDEPENDENT BOARD COMMITTEE**

The Independent Board Committee comprising all independent non-executive Directors only, namely Dr. Wong Ping San John, Mr. Liu Kwong Sang and Dr. Liu Yuk Shing, who have no direct or indirect interest in the Offer, has been established by the Company pursuant to Rule 2.1 of the Takeovers Code to advise the Offer Shareholders in respect of the Offer, as to whether the terms of the Offer are fair and reasonable and as to the acceptance of the Offer. We have been appointed as the Independent Financial Adviser to advise the Independent Board Committee in respect of the Offer, and our opinion herein is solely for the assistance of the Independent Board Committee in connection with its consideration of the Offer and, in particular, as to whether the terms of the Offer are fair and reasonable and as to the acceptance of the Offer. Our appointment has been approved by the Independent Board Committee pursuant to Rule 2.1 of the Takeovers Code.

### **OUR INDEPENDENCE**

As at the Latest Practicable Date, we were not connected with the Company, the Offeror or any of their respective substantial shareholders (as applicable), directors or chief executives (as applicable), or any of their respective associates and we were not in the same group as the financial or other professional adviser (including a stockbroker) to the Offeror and the Group, we do not and did not have, a significant connection, financial or otherwise with either the Offeror or the Group, or the controlling shareholder(s) of either of them (as applicable), of a kind reasonably likely to create, or to create the perception of, a conflict of interest or reasonably likely to affect the objectivity of our advice. Accordingly, we are considered suitable to give independent advice to the Independent Board Committee in respect of the Offer in compliance with Rule 2.6 of the Takeovers Code. In the last two years, we have not acted as any financial adviser role to the Company and the Offeror.

Apart from the normal professional fees paid to us in relation to the current appointment as the Independent Financial Adviser, no arrangements exist whereby we have received or will receive any fees or benefits from the Company, the Offeror or other parties that could reasonably be regarded as relevant to our independence. The aggregate professional fees paid to/to be paid to us do not make up a significant portion of our revenue during the relevant period which would affect our independence. Accordingly, we consider that we are independent to act as the Independent Financial Adviser in respect of the Offer.



## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

### BASIS OF OUR OPINION

In formulating our opinion to the Independent Board Committee, we have relied on the statements, information, opinions and representations contained or referred to in the Composite Document and the information and representations as provided to us by the Directors, the management of the Company (the “**Management**”) and the Offeror (where applicable). We have assumed that all information and representations that have been provided by the Directors, the Management and the Offeror (where applicable), for which they are solely and wholly responsible, are true and accurate at the time when they were made and continue to be so as at the Latest Practicable Date, and should there be any material changes to our opinion after the Latest Practicable Date, Shareholders would be notified as soon as possible.

We have also assumed that all statements of belief, opinion, expectation and intention made by the Directors and the Offeror (where applicable) in the Composite Document were reasonably made after due enquiry and careful consideration. We have no reason to suspect that any material facts or information have been withheld or to doubt the truth, accuracy and completeness of the information and facts contained in the Composite Document, or the reasonableness of the opinions expressed by the Company, its advisers and/or the Directors, the Management and the Offeror (where applicable), which have been provided to us. Our opinion is based on the Directors’, the Management’s and the Offeror’s representation and confirmation that there is no undisclosed private agreement/arrangement or implied understanding with anyone concerning the Offer.

The Directors jointly and severally accept full responsibility for the accuracy of the information contained in the Composite Document (other than information relating to the Offeror and parties acting in concert with him (excluding the Vendor)) and confirm, having made all reasonable enquiries, that to the best of their knowledge, opinions expressed in the Composite Document (other than the opinions expressed by the Offeror and parties acting in concert with him (excluding the Vendor)) have been arrived at after due and careful consideration and there are no other facts not contained in the Composite Document, the omission of which would make any statement in the Composite Document misleading.

The Offeror accepts full responsibility for the accuracy of the information contained in the Composite Document (other than the information relating to the Group, the Vendor and their respective associates and parties acting in concert with them (excluding the Offeror)), and confirms, having made all reasonable enquiries, that to the best of his knowledge, opinions expressed in the Composite Document (other than those expressed by the Group, the Vendor and their respective associates and parties acting in concert with them (excluding the Offeror)) have been arrived at after due and careful consideration and there are no other facts not contained in the Composite Document, the omission of which would make any statement contained in the Composite Document misleading.

We, as the Independent Financial Adviser, take no responsibility for the contents of any part of the Composite Document, save and except for this letter of advice. We consider that we have been provided with sufficient information to reach an informed view and to provide a reasonable basis for our opinion. We have not, however, carried out any independent verification of the information, opinions, or representations given or made by or on behalf of

## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

the Company or the Offeror, nor conducted any independent in-depth investigation into the business and affairs of the Company, the Offeror or their respective subsidiaries or associates (if applicable), nor have we considered the taxation implication on the Group or the Shareholders as a result of the Offer. The Company has been separately advised by its own professional advisers with respect to the Offer and the preparation of the Composite Document (other than this letter).

We have assumed that the Offer will be consummated in accordance with the terms and conditions set forth in the Composite Document without any waiver, amendment, addition or delay of any terms or conditions. We have assumed that no delay, limitation, condition or restriction will be imposed in connection with the Offer that would have a material adverse effect on the contemplated benefits expected to be derived from the Offer. In addition, our opinion is necessarily based on the financial, market, economic, industry-specific and other conditions as they existed on, and the information made available to us as at the Latest Practicable Date. The Offer Shareholders will be notified of any material changes as soon as possible in accordance with Rule 9.1 of the Takeovers Code.

In the event of inconsistency, the English text of this letter shall prevail over the Chinese translation of this letter.

### PRINCIPAL FACTORS AND REASONS CONSIDERED

In arriving at our opinion and recommendation in relation to the Offer, we have taken into account the following principal factors and reasons:

#### 1. Information of the Group

##### *1.1 Background information of the Group*

The Company is incorporated in the Cayman Islands with limited liability and its Shares are listed on the Main Board of the Stock Exchange. The Group is principally engaged in the provision of elderly home care services in Hong Kong. The Company runs its business via two segments: (i) rendering of elderly home care services; and (ii) sale of elderly home related goods and provision of health care services. In terms of the Group's rendering of elderly home care services, it has a network of twelve RCHEs in Hong Kong and one RCHE in the People's Republic of China (the "PRC"), which in total, provide 1,400 residential care places. In order to focus on different target markets, RCHEs run by the Group can be classified into the following three segments: (i) mass market segment; (ii) luxury segment; and (iii) the

## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

PRC segment. The tables below set out details of each of the RCHEs operated by the Group and classified according to the aforementioned segments based on information as provided by the Management:

### *Mass market segment*

<b>RCHE</b>	<b>Location</b>	<b>Owned/rented</b>	<b>Total residential care places</b>
Pine Care (Tak Fung) Elderly Centre	Shop 89 and 91 of G/F, 1/F, 2/F and portion of 3/F, Tak Fung Building, 85 to 91 Lai Chi Kok Road, Kowloon, Hong Kong	Mainly owned, portion of 3/F is rented	88
New Pine Care Centre	G/F to 2/F, Shun Lee Shopping Centre, Phase 2, Shun Lee Estate and F20 to F22 on 3/F, Lee Foo House, Shun Lee Estate, Kwun Tong, Kowloon, Hong Kong	Rented	279
Pinecrest Elderly Centre	G/F to 1/F, 36 Tung Ming Street, 63 Hong Ning Road, Kwun Tong, Kowloon, Hong Kong	Owned	70
Pine Care (Manning) Elderly Centre	G/F to 3/F, 1 Koon Wah Lane, 68 to 72 Yuk Wah Street, Tsz Wan Shan, Kowloon, Hong Kong	Owned	143

<p><b>LETTER FROM THE INDEPENDENT FINANCIAL ADVISER</b></p>
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<b>RCHE</b>	<b>Location</b>	<b>Owned/rented</b>	<b>Total residential care places</b>
Pine Care Hong Fai Elderly Centre	Portion of G/F, and 1/F to 3/F, 143 to 145 Shau Kei Wan Road, Hong Kong	Owned	99
Pine Care (Lee Foo) Elderly Care Centre	Shop 101 to 108, 1/F, Lee Foo House, Shun Lee Estate, Kwun Tong, Kowloon, Hong Kong	Rented	50
Pine Care (Po Tak) Elderly Centre	Shop 10 on G/F, 1/F and 2/F, Win Fong Heights, 180 Hing Fong Road, Kwai Chung, New Territories, Hong Kong	Owned	194
Pine Care Chun King Elderly Centre	Upper Ground Floor, Block 1, Ho Fai Commercial Centre, 218 to 220 Sai Lau Kok Road, Tsuen Wan, New Territories, Hong Kong	Rented	113

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*Luxury segment*

RCHE	Location	Owned/rented	Total residential care places
Pine Care Place	Portions of G/F to 3/F, YOHO Mall I, 9 Long Yat Road, Yuen Long, New Territories, Hong Kong	Rented	68
Patina Care at Patina Wellness	3/F, 5/F and 6/F, Patina, 18 Junction Road, Kowloon City, Hong Kong	Rented	32
Pine Care Point	Shop G1B, G/F, whole 1/F to 3/F, Main Town Plaza, 223 to 239 Nam Cheong Street, Kowloon, Hong Kong	Owned	102
Serviced apartments for the elderly at Patina Wellness	7/F to 29/F, Patina, 18 Junction Road, Kowloon City, Hong Kong	Rented	79

*PRC segment*

RCHE	Location	Owned/rented	Total residential care places
Pine Care Yada (Wuzhen) Elderly Centre	Whole of third floors in Buildings C1 and C2 of Zhejiang Yada International Rehabilitation Hospital, Wuzhen Town, Tongxiang City, Zhejiang Province, the PRC	Rented	83

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## *1.2 Financial information of the Group*

Set out below is a summary of the consolidated financial information of the Group for each of the years ended 31 March 2018 and 2019 (the “**FY2018**” and “**FY2019**”, respectively) as extracted from the Company’s annual report for FY2019 (the “**2019 Annual Report**”), and each of the six-month periods ended 30 September 2018 and 2019 (the “**1H2018**” and “**1H2019**”, respectively) as extracted from the Company’s interim report for 1H2019 (the “**2019 Interim Report**”).

	<b>1H2019</b> <i>HK\$'000</i> (unaudited)	<b>1H2018</b> <i>HK\$'000</i> (unaudited)	<b>FY2019</b> <i>HK\$'000</i> (audited)	<b>FY2018</b> <i>HK\$'000</i> (audited)
Revenue	106,629	92,574	186,782	170,688
Profit before tax	10,527	10,277	15,150	18,915
Profit for the year/ period attributable to owners of the parent	8,966	8,786	13,435	16,418
			<b>As at 30 September 2019</b> <i>HK\$'000</i> (unaudited)	<b>As at 31 March 2019</b> <i>HK\$'000</i> (audited)
Cash and cash equivalents			30,580	50,879
Current assets			44,222	56,840
Current liabilities			76,493	76,061
Non-current assets			905,509	787,906
Non-current liabilities			665,145	561,604
NAV attributable to equity holders of the Company			201,221	200,208

The Group recorded an increase in consolidated revenue of approximately HK\$16.1 million, or approximately 9.4%, from approximately HK\$170.7 million in FY2018 to approximately HK\$186.8 million in FY2019. The increase was mainly due to the combined effects of (i) increase in average monthly residential fee and improved occupancy rate of the Group’s eight care and attention homes with EA1 standard, which is one of the two standards under the Enhanced Bought Place

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Scheme (“**EBPS**”); and (ii) commencement of operation of the Group’s new upscale care and attention home, Pine Care Place in Yoho Mall I (Extension) in Yuen Long, in June 2018.

Furthermore, the consolidated profit for the year attributable to owners of the parent decreased by approximately HK\$3.0 million, or approximately 18.2%, from approximately HK\$16.4 million in FY2018 to approximately HK\$13.4 million in FY2019. As per the 2019 Annual Report, such decrease was mainly due to the combined effects of, including but not limited to, (i) increase in staff costs (after netting off with government grants); (ii) fall in other income and gains which is one-off in nature due to gain in disposal of a subsidiary in FY2018; (iii) increase in depreciation charges for the Group’s property, plant and equipment which comprise land and buildings, leasehold improvements, furniture, fixtures and other equipment; and (iv) increase in property rental and related expenses. The increase in aforementioned costs were mainly attributable to the commencement of operation of Pine Care Place.

During 1H2019, the Company recorded consolidated revenue of approximately HK\$106.6 million, representing an approximately 15.2% increase over the consolidated revenue of approximately HK\$92.6 million generated in 1H2018. As per the 2019 Interim Report, such increase in consolidated revenue was mainly contributed by the combined effects of (i) increase in average monthly residential fee of the Group’s eight care and attention homes with EA1 standard; and (ii) ramp-up in the occupancy rate of Pine Care Place.

The Company recorded consolidated profit attributable to owners of the parent of approximately HK\$9.0 million for 1H2019 compared to consolidated profit attributable to owners of the parent of approximately HK\$8.8 million for 1H2018. As per the 2019 Interim Report, the increase was primarily due to the increase in core earnings before interest, tax, depreciation and amortisation (“**EBITDA**”), which represents EBITDA before other income and gains, of approximately HK\$3.2 million during 1H2019, which was partially offset by (i) the increase in depreciation charge of approximately HK\$2.7 million; (ii) net profit and loss effect of approximately HK\$0.1 million upon adoption of Hong Kong Financial Reporting Standard (“**HKFRS**”) 16; and (iii) increase in interest on bank loans of approximately HK\$0.4 million for 1H2019.

The Group recorded decrease in current assets by approximately HK\$12.6 million, or approximately 22.2%, from approximately HK\$56.8 million as at 31 March 2019 to approximately HK\$44.2 million as at 30 September 2019 mainly due to decrease in cash and cash equivalents partly offset by increase in trade receivables.

The Group recorded increase in non-current assets by approximately HK\$117.6 million, or approximately 14.9%, from approximately HK\$787.9 million as at 31 March 2019 to approximately HK\$905.5 million as at 30 September 2019 mainly due to increase in property, plant and equipment.

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The Group recorded increase in non-current liabilities by approximately HK\$103.5 million, or approximately 18.4%, from approximately HK\$561.6 million as at 31 March 2019 to approximately HK\$665.1 million as at 30 September 2019 mainly due to increase in non-current portion of interest-bearing bank borrowings and the recognition of lease liabilities recognised under the newly adopted HKFRS 16 since 1 April 2019.

The Group also recorded a slight increase in NAV attributable to equity holders of the Company by approximately HK\$1.0 million, or approximately 0.5%, from approximately HK\$200.2 million as at 31 March 2019 to approximately HK\$201.2 million as at 30 September 2019. As per the 2019 Interim Report, such increase was primarily due to the combined effects of profitable operation for 1H2019 and the payment of final dividend for FY2019 in September 2019.

### *1.3 Future plan and prospects*

With reference to the 2019 Interim Report, the Group's expansion strategy focuses on the luxury segment in Hong Kong and the PRC, with the aim of expanding the breadth of the Group's service offerings. The Group's recent projects include: (i) Pine Care Place — luxury RCHE; (ii) Patina Wellness — an integrated senior wellness hub; (iii) Pine Care Yada — the Group's first project in the PRC; and (iv) Pine Care Point — luxury RCHE specialising in dementia care.

The occupancy rate at Pine Care Place continues to climb and the project has already reached cash-flow breakeven. Besides, we understand from the Management that the market response from Patina Care, the Group's luxury RCHE within Patina Wellness, has been overwhelmingly positive. Since the launch of Patina Care in late September 2019, the Group has already achieved mid double digits occupancy rate. We note from the Management that the Group is confident in bringing Patina Care to full occupancy and Pine Care Place to be further ramped up in near future. Pine Care Point, which is a new luxury RCHE of the Group that specialises in dementia care, was fully operational in January 2020. As advised by the Management, since the launch of Pine Care Point in January 2020, 12 elderly residents have been admitted to Pine Care Point, representing an occupancy rate of approximately 12%.

In addition to residential care, the Group is also preparing to venture into daycare services for the elderly, as it has recently secured a contract with the Social Welfare Department to participate in their pilot daycare services program at one of the Group's RCHE. This will create a new revenue stream, without incurring any significant overhead costs and hence, enabling the Group to utilise its existing resources more efficiently. The Group is expecting to commence the provision of daycare services in the first half of 2020.

While the Group's core business has remained largely unaffected by the recent political, economic and epidemic challenges, it observed a slight dampening effect on the customer's willingness to spend at the high-end of the market in Hong Kong.



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On the other hand, the Social Welfare Department announced the pricing adjustment for EBPS for 2019 and 2020, which ranges from a year-on-year increase of approximately 17.1% to 23.4% for EA1 beds.

We understand from the Management that, they are optimistic towards the long term prospects of the Group's business. Despite of the decrease in profit for the year attributable to owners of the parent in FY2019 by around 18.2% as compared to FY2018, the Group managed to record a slightly higher profit attributable to owners of the parent in 1H2019 of approximately HK\$9.0 million as compared to 1H2018 of approximately HK\$8.8 million. As per the Management, the increase in staff costs, depreciation charges and property rental and related expenses in FY2019 were mainly contributed by the commencement of Pine Care Place, and the project has already achieved cash-flow breakeven, Pine Care Place should be profitable in the near future as the occupancy rate climbs and reaches full occupancy. Furthermore, the business plan of venturing into daycare service for the elderly will bring about a new revenue stream without incurring significant overhead costs.

Aging population is a social issue in global and domestic context, while Hong Kong is an affluent city in which considerable number of well-off elderlies reside. According to "Elderly Services Programme Plan" issued by Elderly Commission (Source: [https://www.elderlycommission.gov.hk/en/download/library/ESPP\\_Final\\_Report\\_Eng.pdf](https://www.elderlycommission.gov.hk/en/download/library/ESPP_Final_Report_Eng.pdf)), with an increase in life expectancy and the "baby-boomers" approaching old age, the number of "old-olds" (i.e. those aged 85 and over) will grow much faster than the other cohorts of elderly people. By 2030, those aged 85 and above will be about 1.6 times that of 2014, and by 2064, approximately 4.7 times more than that of 2014. In addition, according to the aforementioned "Elderly Services Programme Plan", the overall demand for long term care services will rise even faster than the growth rate of the elderly population given that "old-olds" are much more likely to require care and support services. The Management considers, and we concur, that the demand for elderly care service are believed to grow gradually.

However, we note that staff costs remained as the largest component of the Group's operating expenses, where the Group's gross staff costs (before netting off with government grants of approximately HK\$9.6 million in FY2019 and approximately HK\$11.5 million in FY2018, respectively for hiring specialised professionals for the Group's elderly residents with dementia or infirmity) increased by approximately 5.1% to approximately HK\$99.4 million in FY2019 from approximately HK\$94.6 million in FY2018, which represents approximately 53.2% of FY2019 revenue and 55.4% of FY2018 revenue, respectively. Furthermore, we noted from the 2019 Annual Report that the amount of government grants received by the Company was approximately HK\$11.5 million and HK\$9.6 million for FY2018 and FY2019, respectively. The government grants amounted to approximately 6.76% and 5.16% of the revenue recorded in FY2018 and FY2019, respectively. We consider that the Group's revenue stream is not reliant on government grants and hence, would not affect our analysis and recommendation. According to the blog post of the Secretary of Labour and Welfare Bureau dated 3

November 2019 (Source: [https://www.lwb.gov.hk/tc/blog/post\\_03112019.html](https://www.lwb.gov.hk/tc/blog/post_03112019.html)), the vacancy rates for personal care workers, home helpers and residential care workers were approximately 19.0%, 18.9% and 19.8% respectively on 1 January 2019, which were higher than the vacancy rates for each of personal care workers, home helpers and residential care workers of approximately 18.0%, 18.8% and 15.8% respectively when the same survey was conducted in 2017. The Group's profitability, despite the anticipated growth in demand for elderly care services and thus revenue of the Group, will be heavily dependent on, among other things, (i) whether the Group could successfully recruit and retain competent and experienced elderly care workers, which are always in shortage in domestic market; and (ii) the market rate of those workers.

We notice that the novel coronavirus outbreak in Hong Kong, which has been happening since January 2020, has considerably impacted certain industry segments, in particular, the travel, hospitality, retail and food and beverage segments in Hong Kong. However, given that the demand for elderly home care service is correlated to (i) total number of aged population in Hong Kong; (ii) the need for care from these individuals versus the level of care that can be directly provided by family members; and (iii) the health status of each elderly person who is in need of care services, which are not discretionary and are inelastic to the economic cycle and macroeconomic atmosphere, we consider the novel coronavirus outbreak has not adversely impacted and will unlikely adversely impact the future plan and prospects of the Group.

## **2. Information of the Offeror**

### ***2.1 Background information of the Offeror***

The Offeror, chairman of Stan Group, has over 15 years of solid experience in property investment, asset management and business operations. He founded Stan Group in 2013, and under his leadership, Stan Group has grown into a conglomerate that has expanded from a property investment business into a diversified group. Stan Group manages the real estate portfolio in strategic partnership with Mr. SB Tang's family and is committed to expanding business operations such as hotel operations, food and beverage businesses and other usages into properties to bring substantial enhancement to asset valuation. For instance, the Offeror turned a few industrial building revitalisation projects into hotels.

In 2018, Utopia (the sole ultimate shareholder of which is the Offeror) and Pine Care Elegance entered into a joint venture for the establishment of Patina Wellness. Patina Wellness, which has been the only experience the Offeror has in the elderly home care services business operated by the Group, maintains a serviced apartment business concept incorporated with elderly care service and operates the Hong Kong's first integrated senior elderly wellness hub residence run by the private sector.

## ***2.2 Intention of the Offeror in relation to the Group and the Call Options***

### ***2.2.1 Intention of the Offeror in relation to the Group***

Following the close of the Offer, the Offeror intends to continue the existing principal businesses of the Group, namely elderly care and related business in Hong Kong and the PRC. The Offeror will discuss and explore with the Board, from time to time, any new business opportunities, including and not limited to the elderly care business sector, and any fund raising activities (including the possible placement of new Shares in order to maintain public float of the Company after completion of the Offer), with a view to enhance the business potential of the Group. In addition, the Offeror has no intention to discontinue the employment of any employees of the Group (save for the change of Board composition as disclosed in the section headed “6. Proposed change of Board composition” in the “Letter from Gear” in the Composite Document) or to redeploy the fixed assets of the Group other than those in its ordinary and usual course of business or if and when opportunities arise. Save as disclosed above and as at the Latest Practicable Date, the Offeror and parties acting in concert with him (including Mr. SB Tang) have no intention to inject any assets, businesses or new businesses into the Group nor to dispose of any assets or businesses of the Group. In any event, the Offeror will comply with the applicable Listing Rules, as appropriate, relating to any business opportunities or growth potentials for the Group in the future.

### ***2.2.2 Call Options***

The Vendor has granted the Call Options to the Offeror, pursuant to which the Offeror (or the Nominees) has the right to require the Vendor to transfer at a price per Share equal to the Offer Price:

- (i) up to 31,608,000 Shares, representing approximately 3.5% of the issued share capital of the Company as at the Latest Practicable Date, during the period commencing from the 15th calendar day before the 2nd Consideration Payment Date and ending on the 15th calendar day after the 2nd Consideration Payment Date; and
- (ii) up to 31,608,000 Shares, representing approximately 3.5% of the issued share capital of the Company as at the Latest Practicable Date, during the period commencing from the 15th calendar day before the 3rd Consideration Payment Date and ending on the 15th calendar day after the 3rd Consideration Payment Date.

In the event that the Offeror exercises the Call Options in full, the Vendor would still hold approximately 7.98% of the issued share capital of the Company (assuming there is no change in the issued share capital of the Company between the Latest Practicable Date and the exercise date(s) of the Call Options).

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Please refer to the paragraph headed “Call Options” under the section headed “1. Introduction” in the “Letter from Gear” in the Composite Document for further details of the Call Options.

We note that the Call Options are part and parcel of the commercial discussions between the Vendor and the Offeror. However, given that (i) the Call Options are private arrangements between the Vendor and the Offeror; (ii) the price per Share for the transfer of Shares upon exercise of the Call Options are the same as the Offer Price and the price per Sale Share payable by the Purchasers under the SPA; and (iii) since the Offeror has not acquired and will not acquire Shares at a price that is higher than the Offer Price based on arrangements that are known to us, the interests of the Offer Shareholders have not been prejudiced, we do not consider that the existence of the Call Options has any direct implication on the fairness and reasonableness of the terms of the Offer.

### ***2.3 Proposed change of Board composition***

The Board currently comprises four executive Directors, namely Mr. Yim Ting Kwok (chairman of the Board), Mr. Yim Billy Pui Kei (chief executive officer), Mr. Chan Yip Keung and Mr. Yim Edwin Pui Hin; two non-executive Directors, namely Mr. Ng Kwok Fu Alex and Mr. Lam Yat Hon; and three independent non-executive Directors, namely Dr. Wong Ping San John, Mr. Liu Kwong Sang and Dr. Liu Yuk Shing.

The Offeror intends to nominate the proposed Directors (the “**Proposed Directors**”), namely the Offeror, Mr. Yeung, Mr. Cheng (as executive Directors), Dr. Tang, Mr. Wong (as non-executive Directors) and Mr. Yuen (as independent non-executive Director) to the Board for appointment with effect from a date which is no earlier than such date as permitted under Rule 26.4 of the Takeovers Code. Based on the biographical information of the Proposed Directors set out in the “Letter from Gear” in the Composite Document, we notice that, save for the Offeror’s interest in Patina Wellness, the Proposed Directors possess extensive experience in industries including but not limited to, hospitality management and hotel operations, catering operation and management and insurance, although not having experience in operating elderly care related business. After the close of the Offer, save for Mr. Yim Billy Pui Kei and Mr. Chan Yip Keung who will remain as executive Directors, and Dr. Wong Ping San John, Mr. Liu Kwong Sang and Dr. Liu Yuk Shing who will remain as independent non-executive Directors, the other existing Directors of the Company will resign from the Board with effect from a date which is no earlier than such date as permitted under Rule 7 of the Takeovers Code. Such appointments and resignations will be made as and when appropriate in accordance with the Takeovers Code and the Listing Rules.

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The Offeror and the Company will take all steps necessary to ensure that the number of independent non-executive Directors does not fall below one-third of the total number of the Directors for a period longer than three months from the date that the Composite Document is posted, such that the Company shall continue to be compliant with Rule 3.11 of the Listing Rules.

Further announcement(s) will be made upon any changes to the composition to the Board in accordance with the requirements of the Listing Rules and the Takeovers Code as and when appropriate. Please refer to the section headed “6. Proposed change of Board composition” in the “Letter from Gear” in the Composite Document for further biographical details of the Proposed Directors.

### ***2.4 Maintaining the listing status of the Company***

The Offeror intends the issued Shares to remain listed on the Stock Exchange after the close of the Offer.

Pursuant to the Listing Rules, if, at the closing of the Offer, less than 25% of the issued Shares are held by the public or if the Stock Exchange believes that: (i) a false market exists or may exist in the trading of the Shares; or (ii) there are insufficient Shares in public hands to maintain an orderly market, then the Stock Exchange will consider exercising its discretion to suspend trading in the Shares.

The Offeror and the new directors to be appointed to the Board have jointly and severally undertaken to the Stock Exchange to take appropriate steps to ensure that sufficient public float exists in the Shares.

### ***2.5 Our findings in relation to the Offeror***

We note that (i) the Proposed Directors to be nominated to the Board have extensive experience in management of business, particularly the Offeror’s experience in operating Patina Wellness, an integrated senior wellness hub jointly established by Utopia and Pine Care Elegance, is relevant to the Group’s existing business; and (ii) the Offeror intends to continue the existing principal businesses of the Group. However, save for the proposed change of Board composition as discussed in section 2.3 to this letter, the Offeror currently does not appear to have a concrete business plan for the Group’s existing business, the implementation of the Group’s existing business strategies as discussed in section 1.3 to this letter, and the detailed future development plan and business direction of the Group, remain uncertain.

## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

### 3. Principal terms of the Offer

As disclosed in the “Letter from Gear” in the Composite Document, Gear is making the Offer for and on behalf of the Offeror in compliance with the Takeovers Code on the following terms:

#### **The Offer Price**

For every Offer Share . . . . . HK\$1.647 in cash

The Offer Price of HK\$1.647 per Offer Share is the same as the price per Sale Share payable by the Purchasers under the SPA.

As at the Latest Practicable Date, the Offeror and the parties acting in concert with him held 609,784,000 Shares, representing approximately 67.54% of the total issued share capital of the Company, which include 474,480,000 Shares held by the Purchasers, i.e. the Offeror and Mr. SB Tang (representing approximately 52.55% of the total issued share capital of the Company) and 135,304,000 Shares held by the Vendor (representing approximately 14.99% of the total issued share capital of the Company). Save for the aforesaid, the Offeror and the parties acting in concert with him do not have any other interests in the share capital or voting rights of the Company.

#### **3.1 Comparisons of value**

The Offer Price of HK\$1.647 per Offer Share represents:

- (i) a premium of approximately 0.43% over the closing price of HK\$1.64 per Share as quoted on the Stock Exchange on the Latest Practicable Date;
- (ii) a premium of approximately 105.9% over the closing price of HK\$0.80 per Share as quoted on the Stock Exchange on the Last Trading Day;
- (iii) a premium of approximately 116.7% over the average closing price of approximately HK\$0.76 per Share as quoted on the Stock Exchange for the last five consecutive trading days up to and including the Last Trading Day;
- (iv) a premium of approximately 87.2% over the average closing price of approximately HK\$0.88 per Share as quoted on the Stock Exchange for the last ten consecutive trading days up to and including the Last Trading Day;
- (v) a premium of approximately 55.4% over the average closing price of approximately HK\$1.06 per Share as quoted on the Stock Exchange for the last 30 consecutive trading days up to and including the Last Trading Day;
- (vi) a premium of approximately 638.6% over the unaudited consolidated NAV attributable to the Shareholders as at 30 September 2019 per Share of approximately HK\$0.223 (based on 902,880,000 Shares in issue as at the



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Latest Practicable Date and the unaudited consolidated NAV attributable to the Shareholders as at 30 September 2019 of approximately HK\$201.2 million); and

- (vii) a premium of approximately 43.8% over the Reassessed NAV (as defined below) per Share of approximately HK\$1.145 (based on 902,880,000 Shares in issue as at the Latest Practicable Date and the Reassessed NAV (as defined below) of approximately HK\$1,033.5 million).

The Offer is unconditional in all respects. The Offer extends to all Offer Shareholders in accordance with the Takeovers Code.

#### **4. Total consideration of the Offer**

As at the Latest Practicable Date, there were 902,880,000 Shares in issue. Assuming that there is no change in the issued share capital of the Company and on the basis of the Offer Price of HK\$1.647 per Share, the entire issued share capital of the Company is valued at HK\$1,487,043,360. As the Offeror and parties acting in concert with him (save and except for the Vendor) held 474,480,000 Shares, and the Vendor has provided an Irrevocable Undertaking that it will (i) not sell, transfer, charge, pledge or (save for the granting of the Call Options) grant any option over or otherwise dispose of or create any encumbrances in respect of any of the Retained Shares or any interest in any of the Retained Shares prior to the expiry of the Offer Period; and (ii) not tender the Retained Shares for acceptance under the Offer, 293,096,000 Shares, representing approximately 32.46% of the issued share capital of the Company as at the Latest Practicable Date, will be subject to the Offer, and the aggregate cash consideration payable by the Offeror under the Offer will be HK\$482,729,112.

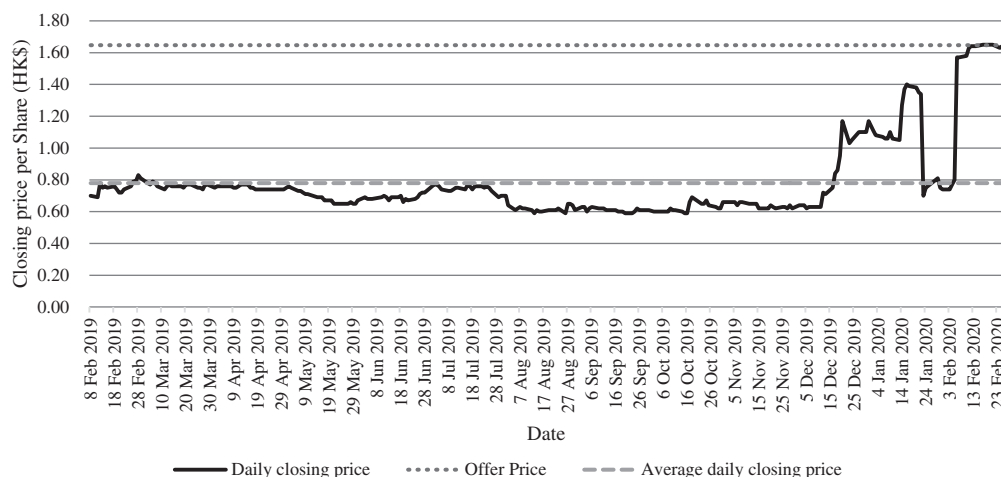
#### **5. Historical price and trading volume of the Shares**

Set out below is the historical price performance of the Shares as quoted on the Stock Exchange during (i) the one-year period prior to the Last Trading Day; and (ii) the period from the Last Trading Day up to the Latest Practicable Date (the “**Review Period**”). We consider that the Review Period is appropriate as (i) it reflects the general trend and recent market valuation of the Shares; (ii) a shorter period (e.g. 6 months) may not sufficiently illustrate a meaningful historical trend for a proper assessment; and (iii) a longer period (e.g. 2 years) may have been too distant in time making such historical trend less relevant within the context of the Offer and with reference to the dynamic financial markets.

## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

### 5.1 Historical price performance of the Shares

#### Historical daily closing price per Share during the Review Period



Source: website of the Stock Exchange

Notes:

1. Trading in Shares was halted from 10:21 a.m. to close of trading hours on 20 December 2019 prior to publication of the announcement in relation to possible transfer of Sale Shares by the controlling Shareholder pursuant to Rule 3.7 of the Takeovers Code, Rule 13.09(2) of the Listing Rules and the Inside Information Provisions (as defined under the Listing Rules) under Part XIVA of the SFO (the “**Rule 3.7 Announcement**”). The Rule 3.7 Announcement was published on 20 December 2019 and the Shares resumed trading on 23 December 2019. The closing price of the Shares was HK\$1.03 per Share on 23 December 2019.
2. The Joint Announcement was published on the Last Trading Day (after trading hours). The closing price of the Shares was HK\$1.57 per Share on 6 February 2020.
3. The Completion Announcement was published on 11 February 2020 (after trading hours). The closing price of the Shares was HK\$1.64 per Share on 12 February 2020.

As illustrated in the chart above, the Share price closed below the Offer Price of HK\$1.647 on most of the trading days during the Review Period in the range of HK\$0.59 per Share recorded on each of 13 August 2019, 26 August 2019, 20 September 2019, 23 September 2019, 15 October 2019 and 16 October 2019, respectively to HK\$1.65 per Share recorded on each of the trading days during the period of 17 February 2020 to 21 February 2020, respectively. The closing price of Shares demonstrated a general stable trend during the period from the commencement of the Review Period to 13 December 2019, in particular, we note that the closing price of Shares maintained at roughly the average daily closing price of the Review Period of approximately HK\$0.78 during the period from the commencement of the Review Period to 16 July 2019, then the Share price decreased and maintained slightly lower than the average closing price of the Review Period until 13 December 2019. The Share price rose above the average closing price of the Review Period on 16 December 2019, and further increased from HK\$0.95 on 19



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December 2019 to HK\$1.17 on 20 December 2019, on which trading in Shares was halted from 10:21 a.m. to closing of trading hours. Upon resumption of trading of the Shares on 23 December 2019, the Share price decreased to HK\$1.03 and maintained over HK\$1.00 until 22 January 2020. In particular, the closing price of Shares significantly increased to reach HK\$1.40 per Share on 16 January 2020. The Directors confirmed that, except for the market speculation on the potential Offer prior to the Rule 3.7 announcement and the release of the Rule 3.7 Announcement on 20 December 2019 which led to market expectation on the Offer, they were not aware of any specific event that might have caused the significant increase of Share price. The Share price fell significantly from HK\$1.34 per Share recorded on 22 January 2020 to HK\$0.70 per Share recorded on 23 January 2020. The Directors further confirmed that they were not aware of any specific event that might have caused the significant decrease of Share price. We note that the closing price of Shares surged from HK\$0.80 recorded on the Last Trading Day to HK\$1.57 recorded on 6 February 2020, subsequently reached HK\$1.64 per Share on 12 February 2020 and maintained stable at roughly the Offer Price of HK\$1.647 up to the Latest Practicable Date. In particular, the closing price of Shares slightly exceeded the Offer Price of HK\$1.647 and reached HK\$1.65 on each of trading days during the period of 17 February 2020 to 21 February 2020, respectively. The Directors further confirmed that, except for the publication of the Joint Announcement on the Last Trading Day (after trading hours) and the publication of the Completion Announcement on 11 February 2020, they were not aware of any specific event that might have caused the significant increase of Share price.

During the Review Period, the closing price of the Shares ranged from a low of HK\$0.59 per Shares (recorded on each of 13 August 2019, 26 August 2019, 20 September 2019, 23 September 2019, 15 October 2019 and 16 October 2019, respectively) to a high of HK\$1.65 per Shares (recorded on each of the trading days during the period of 17 February 2020 to 21 February 2020, respectively) (the “**Price Range**”). Having considered that the Offer Price (i) falls within the Price Range and was higher than the historical closing price of Shares on most of the trading days during the Review Period; (ii) represents a premium of approximately 111.77% over the average closing price of the Shares of approximately HK\$0.78 per Share during the Review Period; (iii) represents a discount of approximately 0.18% to the highest closing price of HK\$1.65 per Share recorded on each of the trading days during the period 17 February 2020 to 21 February 2020; and (iv) represents a premium of approximately 179.15% over the lowest closing price of HK\$0.59 per Share recorded on each of 13 August 2019, 26 August 2019, 20 September 2019, 23 September 2019, 15 October 2019 and 16 October 2019, respectively, the Offer Price compares favourably to the closing price of Shares during a majority of the Review Period save for the period of 17 February 2020 to 21 February 2020.

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### 5.2 Average daily trading volume for each month during the Review Period

The table below sets out the average daily trading volume of the Shares for each month during the Review Period.

Month	Number of trading days during the Review Period	Average daily trading volume of the Shares during the Review Period (approximate)	Average daily trading volume of the Shares during the Review Period to the total number of issued Shares held by the public Shareholders <sup>2</sup> (approximate) (%)	Average daily trading volume of the Shares during the Review Period to the total number of issued Shares <sup>3</sup> (approximate) (%)
2019				
February (Starting from commencement of the Review Period)	15	1,404,800	0.70	0.16
March	21	273,952	0.14	0.03
April	19	151,579	0.08	0.02
May	21	119,619	0.06	0.01
June	19	127,579	0.06	0.01
July	22	189,955	0.09	0.02
August	22	226,182	0.11	0.03
September	21	112,000	0.06	0.01
October	21	161,143	0.08	0.02
November	21	48,762	0.02	0.01
December <sup>1</sup>	20	3,289,150	1.64	0.36
2020				
January	20	12,902,100	6.43	1.43
February (up to the Latest Practicable Date)	17	44,693,767	22.26	4.95

Source: website of the Stock Exchange

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### *Notes:*

1. Trading in the Share was halted from 10:21 a.m. to close of trading hours on 20 December 2019 due to pending of publication of the Rule 3.7 Announcement.
2. Based on 200,784,000 Shares held by the public Shareholders as at the Latest Practicable Date.
3. Based on 902,880,000 Shares in issue immediately as at the Latest Practicable Date.

We noted that trading in the Shares had been extremely thin during the Review Period except for December 2019, January 2020 and February 2020 (up to the Latest Practicable Date), where there were 20, 20 and 17 trading days in respective months. As advised by the Directors, except for the publication of the Rule 3.7 Announcement on 20 December 2019, the Joint Announcement on the Last Trading Day and the Completion Announcement on 11 February 2020, and the market expectation on the Offer, the Directors were not aware of any other specific event that might have caused the relatively higher trading volume of the Shares (above 1.0% of the Shares held by the public Shareholders) in December 2019, January 2020 and February 2020 (up to the Latest Practicable Date) as compared to the rest of the months during the Review Period. Excluding the trading volume anomalies in December 2019, January 2020 and February 2020 (up to the Latest Practicable Date), the range for the average daily trading volume of the Shares in each of the months would narrow to the highest of 1.40 million Shares in February 2019 (starting from commencement of the Review Period) to the lowest of approximately 0.05 million Shares in November 2019, representing approximately 0.70% and approximately 0.02% to the total number of issued Shares held by the public Shareholders respectively, and approximately 0.16% and approximately 0.01% to the total number of issued Shares respectively.

Considering the generally low liquidity of the Shares of the Group as discussed above, it may be difficult for Offer Shareholders to sell significant numbers of Shares in the open market without exerting downward pressure on the Share price. In the absence of other offer(s) currently available to the Offer Shareholders, the Offer can be considered as a viable exit alternative for those who wish to realise their investments in the Shares at the fixed Offer Price for any number of Shares held and without any influence by or consideration of the trading liquidity of the Shares.

## **6. Analysis on the terms of the Offer**

### ***6.1 Comparable analysis on the terms of the Offer***

In assessing the fairness and reasonableness of the Offer Price, we have performed a comparable analysis on the terms of the Offer. We noted that the trading multiples analysis, such as price to earnings ratio (“**PER**”) and price to book ratio (“**PBR**”), are commonly adopted valuation methods in the market. Given that provision of elderly home care services mainly involves non-current assets such as property, plant and equipment and right-of-use assets, meaning that NAV attributable to owners of the Company would reflect the underlying value of the Company, we

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consider the PBR analysis to be appropriate for assessing companies engaged in provision of elderly home care services in Hong Kong. Also, as the Company and the Comparable Companies (as defined below) are profitable entities, we consider the adoption of PER, which values the entities with reference to their respective profitability, to be appropriate in our analysis.

As stated in section 1.1 to this letter, the Group is principally engaged in the provision of elderly home care services in Hong Kong. In that connection, we have identified an exhaustive list of 2 companies (the “**Comparable Company(ies)**”) based on our research on Bloomberg which (i) are principally engaged in rendering of residential care services for the elderly including accommodation, nursing and caretaking services, which is similar to services provided by the Group; and (ii) are listed on the Stock Exchange.

The Comparable Companies were selected exhaustively with a 100% coverage of all suitable Comparable Companies satisfying the above selection criteria under an unbiased selection process. Although there are differences in financial conditions, geographical target markets, target customers and market capitalisation between the Company and the Comparable Companies, in light of that the Comparable Companies are engaged in similar principal activities and listed on the Stock Exchange, they are likely to be influenced by similar macro-economic factors as the Group including, but not limited to, economic outlook and demand for elderly care services. In light of the above, we are of the view that the Comparable Companies are fair and representative sample and can serve as a reference to the fairness and reasonableness of the Offer Price.

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The following table sets out our analysis on the Comparable Companies:

Company name (stock code)	Principal business	Market capitalisation/ valuation <sup>1</sup> (HK\$'million)	NAV attributable to owners of the company <sup>2</sup> (HK\$'million)	Profit for the year attributable to owners of the company <sup>3</sup> (HK\$'million)	PBR <sup>4</sup> (times)	PER <sup>5</sup> (times)
Kato Hong Kong Holdings Limited (2189)	Operation of residential care homes for the elderly in Hong Kong offering a wide range of residential care services for the elderly	550.00	185.64	37.88	2.96	14.52
Hang Chi Holdings Limited (8405)	Operation of elderly residential care homes in Hong Kong	356.00	155.50	21.90	2.29	16.25
	<i>Average:</i>	<i>453.00</i>	<i>170.57</i>	<i>29.89</i>	<i>2.63</i>	<i>15.39</i>
	<i>Minimum:</i>	<i>356.00</i>	<i>155.50</i>	<i>21.90</i>	<i>2.29</i>	<i>14.52</i>
	<i>Maximum:</i>	<i>550.00</i>	<i>185.64</i>	<i>37.88</i>	<i>2.96</i>	<i>16.25</i>
<b>The Company (1989)</b>	<b>Provision of elderly home care services</b>	<b>1,487.04</b>	<b>201.22</b>	<b>13.44</b>	<b>7.39</b>	<b>110.68</b>

*Source: website of the Stock Exchange and the annual/interim reports of the Comparable Companies*

*Notes:*

- For the Comparable Companies, the market capitalisation is calculated as total number of shares in issue times the closing price as at the Latest Practicable Date, where the total number of shares in issue is based on the latest published monthly return or next day return of equity issuer on movements in securities as at the Latest Practicable Date of the respective Comparable Companies. For the Company, the valuation is calculated as total number of Shares in issue as at the Latest Practicable Date times the Offer Price.
- NAV attributable to owners of the company was extracted from the latest published interim report of the respective companies.
- Profit for the year attributable to owners of the company was extracted from the latest published annual report of the respective companies.
- For the Comparable Companies, the PBR is calculated as market capitalisation divided by the NAV attributable to owners of the Comparable Company as extracted from their latest published interim reports. For the Company, the implied PBR is calculated as its valuation based on the Offer Price divided by its NAV attributable to owners of the Company as at 30 September 2019 as extracted from the 2019 Interim Report.
- For the Comparable Companies, the PER is calculated as market capitalisation divided by the profit for the year attributable to owners of the company as extracted from their latest published annual reports. For the Company, the implied PER is calculated as its valuation based on the Offer Price divided by its profit attributable to owners of the Company for FY2019 as extracted from the 2019 Annual Report.

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As illustrated in the table above, the PBRs of the Comparable Companies ranged from approximately 2.29 times to approximately 2.96 times (the “**PBR Range**”), with an average of approximately 2.63 times. Accordingly, the implied PBR of the Offer Price of approximately 7.39 times falls outside the PRB Range and is considerably higher than the maximum and average PBR of the Comparable Companies. This indicates that the valuation of the Company based on the Offer Price offered by the Offeror to the Offer Shareholders is higher than the PBRs of the Comparable Companies derived from their respective closing prices per share on the Latest Practicable Date.

Furthermore, the PERs of the Comparable Companies ranged from approximately 14.52 times to approximately 16.25 times (the “**PER Range**”), with an average of approximately 15.39 times. Accordingly, the implied PER of the Offer Price of approximately 110.68 times falls outside the PER Range and is significantly higher than the maximum and average PER of the Comparable Companies. This indicates that the valuation of the Company based on the Offer Price offered by the Offeror to the Offer Shareholders is higher than the PERs of the Comparable Companies derived from their respective closing prices per share on the Latest Practicable Date.

We consider that the Offer Price, based on the PBR and PER analysis set out above, is favourable to the Offer Shareholders.

### **6.2 Reassessed NAV**

Set out below is the illustrative computation of the Reassessed NAV (as defined below), having adjusted the NAV attributable to the Shareholders for (i) the revaluation surplus to reflect the market value of the properties held by the Group as at 30 November 2019 as set out in the valuation report prepared by Roma Appraisals Limited, which is disclosed in Appendix III to the Composite Document; and (ii) the net changes in the carrying amount of the properties held by the Group during the period from 30 September 2019 to 30 November 2019 (the “**Reassessed NAV**”).

	<i>HK\$</i> <i>(approximately)</i>
NAV attributable to the Shareholders as at 30 September 2019	201,221,000
Add:	
Revaluation surplus <sup>1</sup>	832,274,000
<b>Reassessed NAV</b>	<b>1,033,495,000</b>

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*Note:*

1. With regards to the property valuation report as mentioned in Appendix III of the Composite Document, the market value of the properties held by the Group was approximately HK\$1,428,070,000 as at 30 November 2019. The revaluation surplus was derived from the estimated market of approximately HK\$1,428,070,000 over the net book value of the properties of approximately HK\$595,796,000 as at 30 September 2019. Shareholders should note that this is an illustrative computation of the Reassessed NAV for our analysis purposes, and shall not be regarded as the actual reassessed NAV of the Group.
2. As confirmed by the Company, the NAV attributable to the Shareholders as at 30 November 2019 was not materially different from that as at 30 September 2019.

The Reassessed NAV, representing the NAV attributable to the Shareholders after adjusting for the revaluation surplus over the respective market value of the properties held by the Group as at 30 November 2019, was approximately HK\$1,033,495,000. Given that the number of Shares in issue as at the Latest Practicable Date was 902,880,000 and with regards to the table above, the NAV attributable to the Shareholders per Share and Reassessed NAV per Share would be approximately HK\$0.223 and HK\$1.145 respectively. The Offer Price of HK\$1.647 represents a premium of approximately 638.6% and 43.8% over the NAV attributable to the Shareholders per share of approximately HK\$0.223 and Reassessed NAV per Share of approximately HK\$1.145 respectively. Therefore, the Offer Price is considered to be favourable to the Offer Shareholders.

### RECOMMENDATION

In arriving at our recommendation, we have considered the aforementioned principal factors and in particular:

- (i) the valuation of the Company based on the PBR and PER derived with reference to the Offer Price offered by the Offeror to the Offer Shareholders is outside of the PBR Range and PER Range and higher than the maximum and average PBR and PER of the Comparable Companies as discussed in section 6.1 of this letter implying a favourable valuation of the Company based on the Offer Price;
- (ii) despite the fact that the Offer Price represents a discount of approximately 0.18% to closing price of Shares on each of the trading days during the period of 17 February 2020 to 21 February 2020, respectively, premium of the Offer Price over the closing price of Shares was recorded on majority of trading days during the Review Period ranging from approximately 0.43% to 179.15% and the Offer Price is higher than the closing price of Shares on most of the trading days (including the Latest Practicable Date) during the Review Period, as discussed in section 5.1 of this letter;
- (iii) the Offer Price represents a premium of approximately 638.6% over the unaudited consolidated NAV attributable to the Shareholders as at 30 September 2019 per Share of approximately HK\$0.223 and a significant premium of approximately 43.84% over the Reassessed NAV per Share of approximately HK\$1.145 as discussed in section 6.2 to this letter; and



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- (iv) save for the proposed change of Board composition as discussed in section 2.3 to this letter, the Offeror currently does not appear to have a concrete business plan for the Group's existing business, the implementation of the Group's existing business strategies, as discussed in section 1.3 to this letter, and the detailed future development plan and business direction of the Group, remain uncertain.

Furthermore, we have also considered the following side-factors as a point of reference in arriving our recommendation:

- (v) the Group's profit attributable to owners of the parent in FY2019 decreased by approximately HK\$3.0 million, or approximately 18.2%, mainly due to increase in staff costs, depreciation charges and property rental and related expenses, which are primarily contributed by the establishment of Pine Care Place as discussed in section 1.2 of this letter. In view of the future prospect of Pine Care Place and the business development strategies to be carried out by the Group as discussed in section 1.3 of this letter, the long term prospects of the Group's businesses remain generally positive despite the recent political, economic and epidemic challenges;
- (vi) the Group is planning to expand its business by venturing into daycare services for the elderly which will enable the Group to utilise its existing resources more efficiently and thus, create a new revenue stream without incurring any significant overhead costs. As discussed in section 1.3 of this letter, the Group expects to launch into the provision of daycare services in the first half of 2020; and
- (vii) the Group's profitability, despite the anticipated growth in demand for elderly care services and thus revenue of the Group, will be highly dependent on, among other things, (i) whether the Group could successfully recruit and retain competent and experienced elderly care workers, which are always in shortage in domestic market; and (ii) the market rate of those workers.

Although the business prospects of the Group are generally positive, in view of the factors summarised in this section above, in particular, (i) the premium of the Offer Price compared to historical Share price; (ii) the premium of the Offer Price compared to the Reassessed NAV per Share; (iii) the more favorable valuation of the Company as implied by the Offer Price as shown in the comparable analysis of the PBR and PER of the Comparable Companies; and (iv) the Group's profitability is highly dependent on the staff cost of and ability to recruit and retain competent and experienced elderly care workers, which are always in shortage in domestic market, we consider the Offer is attractive to the Offer Shareholders. The more favorable valuation as implied by the Offer Price to exchange for the Offer Shares, on balance, is fair and reasonable. Accordingly, we would recommend the Independent Board Committee to advise the Offer Shareholders to accept the Offer.

In view of the recent upsurge of both the trading price and volume of the Shares in particular the period after the publication of the Joint Announcement, the Offer Shareholders who would like to realise their investments in the Company are reminded to closely monitor the market trading price and liquidity of the Shares during the period prior to the latest time for acceptance of the Offer, currently being 4:00 p.m. on Friday, 20 March 2020, and should,



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having regard their own circumstances, consider disposing of their Shares in the open market, if the net proceeds obtained from such disposal of the Shares (after deducting all transaction costs) would be higher than the net proceeds under the Offer.

On the contrary, if Offer Shareholders maintain an optimistic view on the business prospect and Share price performance of the Group, they may consider not to accept the Offer and maintain all or part of their Shares at their own discretion. The Offer Shareholders, who wish to retain all or part of their investments in the Company, should carefully monitor the future plans in relation to the Company that may be implemented by the Offeror, and given the historically low liquidity of the Shares, take into consideration the potential difficulties in realising their investments in the Company at or higher than the Offer Price after the Closing Date. Also, the more favorable valuation of the Company as implied by the Offer Price as shown in the analysis of the Comparable Companies may be indicative that the current market price of the Shares may be due to the market reaction over the change in controlling stake of the Group and may not be sustainable in the long term and after the close of the Offer.

As different Shareholders would have different investment criteria, objectives and/or circumstances, we would recommend any Shareholders who may require advice in relation to any aspect of the Composite Document, or as to the action to be taken, to consult a licensed securities dealer, bank manager, solicitor, professional accountant, tax adviser or other professional adviser. Furthermore, they would carefully read the procedures for accepting or not accepting the Offer as set out in the Composite Document, its appendices and the accompanying Form of Acceptance.

Yours faithfully,  
For and on behalf of  
**Grand Moore Capital Limited**  
**Philip Chau**  
*Managing Director*

Yours faithfully,  
For and on behalf of  
**Grand Moore Capital Limited**  
**Kevin So**  
*Director — Investment Banking Department*

*Note:* Mr. Philip Chau is a licensed person under the SFO to undertake types 1 and 6 regulated activities (dealing in securities and advising on corporate finance respectively) and is a responsible officer in respect of Grand Moore's type 6 regulated activity (advising on corporate finance). Mr. Chau has over 30 years of experience in banking and corporate finance in Hong Kong.

Mr. Kevin So is a licensed person under the SFO to undertake type 6 regulated activity (advising on corporate finance) and is a responsible officer in respect of Grand Moore's type 6 regulated activity (advising on corporate finance). Mr. So has over 16 years of experience in the corporate finance industry in Hong Kong.

To accept the Offer, you should complete and sign the accompanying Form of Acceptance in accordance with the instructions printed thereon, which instructions form part of the terms of the Offer. The instructions set out in this Composite Document should be read together with the instructions printed on the Form of Acceptance which form part of the terms of the Offer.

## **1. PROCEDURES FOR ACCEPTANCE**

### **The Offer**

- (a) If the Share certificate(s) and/or transfer receipt(s) and/or any other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) in respect of your Shares is/are in your name, and you wish to accept the Offer, you must send the duly completed and signed Form of Acceptance together with the relevant Share certificate(s) and/or transfer receipt(s) and/or any other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof), to the Registrar, Tricor Investor Services Limited, at Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong marked "Pine Care Group Limited — Cash Offer" on the envelope as soon as possible but in any event so as to reach the Registrar by not later than 4:00 p.m. on the Closing Date or such later time and/or date as the Offeror may determine and announce in compliance with the Takeovers Code.
- (b) If the Share certificate(s) and/or transfer receipt(s) and/or any other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) in respect of your Shares is/are in the name of a nominee company or a name other than your own, and you wish to accept the Offer in respect of your holding of Shares (whether in full or in part), you must either:
  - (i) lodge your Share certificate(s) and/or transfer receipt(s) and/or any other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) with the nominee company, or other nominee, and with instructions authorising it to accept the Offer on your behalf and requesting it to deliver the Form of Acceptance duly completed together with the relevant Share certificate(s) and/or transfer receipt(s) and/or any other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) to the Registrar; or
  - (ii) arrange for the Shares to be registered in your name by the Company through the Registrar, and deliver the Form of Acceptance duly completed and signed together with the relevant Share certificate(s) and/or transfer receipt(s) and/or any other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) to the Registrar; or
  - (iii) if your Shares have been lodged with your licensed securities dealer/registered institution in securities/custodian bank through CCASS, instruct your licensed securities dealer/registered institution in securities/custodian bank to authorise HKSCC Nominees Limited to accept the Offer on your behalf on or before the deadline set by HKSCC Nominees Limited. In order to meet the deadline set by

HKSCC Nominees Limited, you should check with your licensed securities dealer/registered institution in securities/custodian bank for the timing on the processing of your instruction, and submit your instruction to your licensed securities dealer/registered institution in securities/custodian bank as required by them; or

- (iv) if your Shares have been lodged with your investor participant's account maintained with CCASS, give your instruction via the CCASS Phone System or CCASS Internet System on or before the deadline set by HKSCC Nominees Limited. In order to meet the deadline set by HKSCC Nominees Limited, you should check with your licensed securities dealer/registered institution in securities/custodian bank for the timing on the processing of your instruction, and submit your instruction to your licensed securities dealer/registered institution in securities/custodian bank as required by them.
- (c) If you have lodged transfer(s) of any of your Shares for registration in your name and have not yet received your Share certificate(s), and you wish to accept the Offer in respect of your Shares, you should nevertheless complete and sign the Form of Acceptance and deliver it to the Registrar together with the transfer receipt(s) duly signed by yourself. Such action will constitute an irrevocable authority to the Offeror, Gear and/or Trinity or their respective agent(s) to collect from the Company or the Registrar on your behalf the relevant Share certificate(s) when issued and to deliver such Share certificate(s) to the Registrar on your behalf and to authorise and instruct the Registrar to hold such Share certificate(s), subject to the terms and conditions of the Offer, as if it was/they were delivered to the Registrar with the Form of Acceptance.
- (d) If the Share certificate(s) and/or transfer receipt(s) and/or any other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) in respect of your Shares is/are not readily available and/or is/are lost, as the case may be, and you wish to accept the Offer in respect of your Shares, the Form of Acceptance should nevertheless be completed and delivered to the Registrar together with a letter stating that you have lost one or more of your Share certificate(s) and/or transfer receipt(s) and/or other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) or that it is/they are not readily available. If you find such document(s) or if it/they become(s) available, the relevant Share certificate(s) and/or transfer receipt(s) and/or any other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) should be forwarded to the Registrar as soon as possible thereafter. If you have lost your Share certificate(s) and/or transfer receipt(s) and/or other document(s) of title, you should also write to the Registrar for a letter of indemnity which, when completed in accordance with the instructions given, should be returned to the Registrar.

- (e) Acceptance of the Offer will be treated as effective and valid only if the completed Form of Acceptance is received by the Registrar on or before the latest time for acceptance of the Offer and the Registrar has recorded that the acceptance and any relevant documents required by Note 1 to Rule 30.2 of the Takeovers Code have been so received, and is:
- i. accompanied by the relevant Share certificate(s) and/or transfer receipt(s) and/or other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) and, if that/those Share certificate(s) and/or transfer receipt(s) and/or other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) is/are not in your name, such other documents (e.g. a duly stamped transfer of the relevant Share(s) in blank or in favour of the acceptor executed by the registered holder) in order to establish your right to become the registered holder of the relevant Shares; or
  - ii. from a registered Shareholder or his personal representatives (but only up to the amount of the registered holding and only to the extent that the acceptance relates to the Shares which are not taken into account under another subparagraph of this paragraph (e)); or
  - iii. certified by the Registrar or the Stock Exchange.

If the Form of Acceptance is executed by a person other than the registered Offer Shareholder, appropriate documentary evidence of authority (e.g. grant of probate or certified copy of a power of attorney) to the satisfaction of the Registrar must be produced.

- (f) Seller's ad valorem stamp duty payable by the Offer Shareholders who accept the Offer and calculated at a rate of 0.1% of (i) the market value of the Offer Shares; or (ii) consideration payable by the Offeror in respect of the relevant acceptances of the Offer, whichever is higher, will be deducted from the amount payable by the Offeror to the relevant Offer Shareholder on acceptance of the Offer. The Offeror will arrange for payment of the sellers' ad valorem stamp duty on behalf of the accepting Offer Shareholders and will pay the buyer's ad valorem stamp duty in connection with the acceptance of the Offer and the transfer of the Offer Shares.
- (g) If the Offer is withdrawn or lapses, the Offeror shall, as soon as possible but in any event within 10 days thereof, return by ordinary post the Share certificate(s) and/or transfer receipt(s) and/or other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) lodged with the Form of Acceptance to the relevant Offer Shareholder(s).
- (h) No acknowledgement of receipt of any Form of Acceptance, Share certificate(s) and/or transfer receipt(s) and/or any other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) will be given.

**2. ACCEPTANCE PERIOD AND REVISIONS**

The latest time and date for acceptance will be 4:00 p.m. on the Closing Date, or if the Offer is extended, any subsequent closing date of the Offer that is extended will be announced by the Offeror in accordance with the Takeovers Code. The Offer is unconditional.

The Offer, if revised/extended, will be done as the Offeror may determine in accordance with the Takeovers Code (or permitted by the Executive in accordance with the Takeovers Code). The Offeror will issue an announcement in relation to any revision or extension of the Offer, which will state the next closing date or that the revised Offer will remain open until further notice and at least 14 days' notice in writing must be given to those Shareholders who have not accepted the Offer before the Offer is closed and an announcement must be published. If the Offeror revises the terms of the Offer, all Shareholders, whether or not they have already accepted the Offer, will be entitled to accept the revised Offer under the revised terms. If the Offer are extended or revised, the announcement of such extension or revision will state the revised Closing Date. If the Offer is revised, the Offer will remain open for acceptance for a period of not less than 14 days from the posting of the revised Composite Document to the Shareholders. If the Closing Date of the Offer is extended, any reference in the Composite Document and in the Form of Acceptance to the Closing Date shall, except where the context otherwise requires, be deemed to refer to the Closing Date of the Offer so extended.

If there is (i) a tropical cyclone warning signal number 8 or above; (ii) "extreme conditions" caused by super typhoons or (iii) a "black" rainstorm warning signal: (a) in force in Hong Kong at any local time before 12:00 noon and no longer in force after 12:00 noon on the Closing Date, the latest time and date for acceptance of the Offer will remain at 4:00 p.m. on the same Business Day; or (b) in force in Hong Kong at any local time between 12:00 noon and 4:00 p.m. on the Closing Date, the latest time and date for acceptance will be rescheduled to 4:00 p.m. on the following Business Day which does not have either of those warnings in force at any time between 9:00 a.m. and 4:00 p.m. or such other day as the Executive may approve.

**3. ANNOUNCEMENTS**

- (a) By 6:00 p.m. (or such later time and/or date as the Executive may in exceptional circumstances permit) on the Closing Date, the Offeror must inform the Executive and the Stock Exchange of his decision in relation to the revision, extension, expiry of the Offers. The Offeror must publish an announcement on the website of the Stock Exchange by 7:00 p.m. on the Closing Date stating, among others, information required under Rule 19.1 of the Takeovers Code, whether the Offer has been revised or extended, or has expired. The announcement will state the following:
  - i. the total number of Shares for which acceptances of the Offer have been received;
  - ii. the total number of Shares held, controlled or directed by the Offeror and parties acting in concert with any of them before the Offer Period; and

- iii. the total number of Shares acquired or agreed to be acquired by the Offeror and parties acting in concert with any of them during the Offer Period.

The announcement will include details of any relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code) of the Company which the Offeror and any parties acting in concert with it have borrowed or lent, save for any borrowed securities which have been either on-lent or sold, and specify the percentages of the relevant classes of issued share capital of the Company and the percentages of voting rights of the Company represented by these numbers of Shares.

- (b) In computing the total number of Shares represented by acceptances, only valid acceptances that are complete and in good order and in compliance with Note 1 to Rule 30.2 of the Takeovers Code, and which have been received by the Registrar no later than 4:00 p.m. on the Closing Date, being the latest time and date for acceptance of the Offer, shall be included.
- (c) As required under the Takeovers Code, all announcements in respect of the Offer must be made in accordance with the requirements of the Takeovers Code and the Listing Rules respectively.

#### **4. RIGHT OF WITHDRAWAL**

- (a) Acceptances of the Offer shall be irrevocable and cannot be withdrawn, except in the circumstances set out in sub-paragraph (b) below.
- (b) If the Offeror is unable to comply with the requirements set out in the paragraph headed “3. Announcements” above, the Executive may require that the Offer Shareholders who have tendered acceptances to the Offer be granted a right of withdrawal on terms that are acceptable to the Executive until the requirements set out in that paragraph are met.

If an acceptor withdraws his/her/its acceptance, the Offeror shall, as soon as possible but in any event within 10 days thereof, return, by ordinary post and at the risk of the relevant acceptor, in respect of the Offer, the Share certificate(s) and/or transfer receipt(s) and/or other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) lodged with the Form of Acceptance to the relevant Shareholder(s).

#### **5. SETTLEMENT OF THE OFFER**

Provided that a valid Form of Acceptance and the relevant Share certificate(s) and/or transfer receipt(s) and/or any other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) as required by Note 1 to Rule 30.2 of the Takeovers Code are complete and in good order in all respects and have been received by the Registrar before the close of the Offer i.e. 4:00 p.m. on Closing Date, a cheque for the amount (rounding up to the nearest cent) due to each of the Offer Shareholders who accept the Offer less seller's ad valorem stamp duty in respect of the Offer Shares tendered by him under the Offer will be despatched to such Offer Shareholder, or in the case of joint Offer Shareholders, to the Offer



Shareholder whose name appears first in the register of members of the Company, by ordinary post at his own risk as soon as possible but in any event within 7 Business Days after the receipt of all the relevant documents by the Registrar to render such acceptance complete and valid.

Settlement of the consideration to which any Offer Shareholder is entitled under the Offer will be implemented in full in accordance with the terms of the Offer (save with respect to the payment of seller's ad valorem stamp duty), without regard to any lien, right of set-off, counterclaim or other analogous right to which the Offeror may otherwise be, or claim to be, entitled against such Offer Shareholder.

## **6. OVERSEAS SHAREHOLDERS**

The making of the Offer to the Overseas Shareholders may be prohibited or affected by the laws of the relevant jurisdictions in which they are resident. Overseas Shareholders should obtain appropriate legal advice regarding the implications of the Offer in the relevant jurisdictions or keep themselves informed about and observe any applicable legal or regulatory requirements. It is the responsibility of Overseas Shareholders who wish to accept the Offer to satisfy themselves as to the full observance of the laws and regulations of all relevant jurisdictions in connection with the acceptance of the Offer (including but not limited to the obtaining of any governmental, exchange control or other consents and any registration or filing which may be required and the compliance with all other necessary formalities, regulatory and/or legal requirements and the payment of any transfer or other taxes due by the accepting Shareholders).

Acceptance of the Offer by any Overseas Shareholder will be deemed to constitute a warranty by such person that such person is permitted under all applicable laws and regulations to receive and accept the Offer, and any revision thereof, and such acceptance shall be valid and binding in accordance with all applicable laws and regulations. Any such person is recommended to seek professional advice on deciding whether or not to accept the Offer.

## **7. TAX IMPLICATIONS**

Offer Shareholders are recommended to consult their own professional advisers if they are in any doubt as to the taxation implications of their acceptances of the Offer. It is emphasised that none of the Offeror, Gear, Trinity, Opus Capital, Grand Moore, their respective ultimate beneficial owners and parties acting in concert, the Registrar or any of their respective directors, officers, advisers, associates, agents or any persons involved in the Offer is in a position to advise the Offer Shareholders on their individual tax implications, nor do they accept responsibility for any taxation effects on, or liabilities of, any person or persons as a result of their acceptance of the Offer.

**8. GENERAL**

- (a) All communications, notices, Form of Acceptance, certificate(s), Share certificate(s), transfer receipt(s), other document(s) of title and/or any satisfactory indemnity or indemnities required in respect thereof and remittances to settle the consideration payable under the Offer will be delivered by or sent to or from the Offer Shareholders or their designated agents, by ordinary post at their own risk, and none of the Offeror, Gear, Trinity, the Registrar, or other parties involved in the Offer or any of their respective directors, officers, advisers, associates, agents accepts any liability for any loss or any other liabilities that may arise as a result thereof.
- (b) The provisions set out in the Form of Acceptance form part of the terms and conditions of the Offer.
- (c) The accidental omission to despatch this Composite Document and/or Form of Acceptance or any of them to any person to whom the Offer is made will not invalidate the Offer in any way.
- (d) The Offer is, and all acceptances will be, governed by and construed in accordance with the laws of Hong Kong. Execution of the Form of Acceptance by or on behalf of a Shareholder will constitute such Shareholder's agreement that the courts of Hong Kong shall have exclusive jurisdiction to settle any dispute which may arise in connection with the Offer.
- (e) Due execution of the Form of Acceptance in accordance with Note 1 to Rule 30.2 of the Takeovers Code will constitute an authority to the Offeror, Gear, Trinity or such person or persons as the Offeror, Gear or Trinity may direct to complete, amend and execute any document on behalf of the person or persons accepting the Offer and to do any other act that may be necessary or expedient for the purposes of vesting in the Offeror, or such person or persons as it may direct, the Shares in respect of which such person or persons has/have accepted the Offer.
- (f) Acceptance of the Offer by any person or persons will be deemed to constitute a warranty by such person or persons to the Offeror, Gear and Trinity that the Shares tendered under the Offer are sold by such person or persons free from all encumbrances and together with all rights accruing or attaching to them as at the date of this Composite Document or subsequently being attached to them, including, without limitation, the rights to receive all future dividends and other distributions, declared, made or paid, if any, by the Company on or after the date of this Composite Document.
- (g) Acceptance of the Offer by any nominee will be deemed to constitute a warranty by such nominee to the Offeror that the number of Shares in respect of which it is indicated in the Form of Acceptance is the aggregate number of Shares held by such nominee for such beneficial owners who accept the Offer.



- (h) References to the Offer in this Composite Document and in the Form of Acceptance shall include any extension or revision thereof.
- (i) In making their decisions, Shareholders must rely on his/her/its/their own examination of the Offeror and the terms of the Offer, including the merits and risks involved. The contents of this Composite Document, including any general advice or recommendations contained therein, and the Form of Acceptance are not to be construed as legal or business advice. Shareholders could consult with his/her/its/their own professional advisers for professional advice.
- (j) If the Offer lapses for any reason, they shall cease to be capable of further acceptance and the Offeror and Gear shall cease to be bound by any of the prior acceptances.
- (k) The Offer and all acceptances will be governed by and construed in accordance with the laws of Hong Kong.
- (l) The Offer is made in accordance with the Takeovers Code.
- (m) All acceptances, instructions, authorities and undertakings given by the Offer Shareholders in the Form of Acceptance shall be irrevocable except as permitted under the Takeovers Code.
- (n) The English text of this Composite Document and of the Form of Acceptance shall prevail over their respective Chinese text.

## 1. SUMMARY OF FINANCIAL INFORMATION OF THE GROUP

The following is a summary of certain consolidated financial information of the Group for the years ended 31 March 2017, 2018 and 2019 as extracted from the 2017, 2018 and 2019 annual reports of the Company and for the six months ended 30 September 2019 as extracted from the 2019 interim report of the Company.

	For the six months ended 30 September 2019 HK\$'000 (unaudited)	For the year ended 31 March 2019 HK\$'000 (audited)	2018 HK\$'000 (audited)	2017 HK\$'000 (audited)
<b>Revenue</b>	<u>106,629</u>	<u>186,782</u>	<u>170,688</u>	<u>177,286</u>
<b>Profit before tax</b>	10,527	15,150	18,915	17,365
Income tax expense	<u>1,562</u>	<u>1,690</u>	<u>2,509</u>	<u>4,956</u>
<b>Profit for the period/year</b>	<u>8,965</u>	<u>13,460</u>	<u>16,406</u>	<u>12,409</u>
<b>Profit for the period/year attributable to:</b>				
Owners of the Company	8,966	13,435	16,418	12,409
Non-controlling interests	<u>(1)</u>	<u>25</u>	<u>(12)</u>	<u>—</u>
	<u>8,965</u>	<u>13,460</u>	<u>16,406</u>	<u>12,409</u>
<b>Total comprehensive income/ for the period/year attributable to:</b>				
Owners of the Company	8,055	12,145	17,775	12,052
Non-controlling interests	<u>(1)</u>	<u>25</u>	<u>(12)</u>	<u>—</u>
	<u>8,054</u>	<u>12,170</u>	<u>17,763</u>	<u>12,052</u>
<b>Dividend</b>	7,042	7,584	22,753	25,561
				HK\$25,561
<b>Dividend per Share (HK cent)</b>	<u>HK0.78 cent</u>	<u>HK0.84 cent</u>	<u>HK2.52 cents</u>	<u>million (Note)</u>
<b>Earnings per Share</b>				
Basic and diluted	<u>HK0.99 cent</u>	<u>HK1.5 cents</u>	<u>HK1.8 cents</u>	<u>HK1.8 cents</u>

*Note:* Prior to the listing of the shares of the Company, the Company declared a special dividend of HK\$25,561,000 per share amounting to HK\$25,561,000 in aggregate to its then shareholder on 6 September 2016.

The auditors of the Company for the years ended 31 March 2017, 2018 and 2019 were Ernst & Young. Their opinions on the consolidated financial statements of the Group for each of the three years ended 31 March 2019 were unqualified.

Save for (i) the listing expenses of approximately HK\$18.7 million recorded for the year ended 31 March 2017 which represented fees to various professional parties in connection with the listing of the Company as at 15 February 2017; (ii) a gain on disposal of non-current assets classified as held for sale of approximately HK\$8.6 million recorded for the year ended 31 March 2017; and (iii) a gain on disposal of a subsidiary of approximately HK\$5.9 million recorded for the year ended 31 March 2018, there were no income or expenses which were material recorded in the audited consolidated financial statements of the Group for the three years ended 31 March 2017, 2018 and 2019.

## 2. CONSOLIDATED FINANCIAL STATEMENTS

The Company is required to set out or refer to in this Composite Document the consolidated statement of financial position, consolidated statement of cash flows and any other primary statement as shown in (i) the audited consolidated financial statements of the Group for the year ended 31 March 2019 (the “**2019 Financial Statements**”) and (ii) the unaudited condensed consolidated interim financial statements of the Company for the six months ended 30 September 2019 (the “**2019 Interim Financial Statements**”), together with the notes to the relevant published financial statements which are of major relevance to the appreciation of the above financial information.

The 2019 Financial Statements are set out on page 100 to page 191 in the annual report of the Company for the year ended 31 March 2019 (the “**Annual Report 2019**”), which was published on 4 July 2019. The Annual Report 2019 was posted on the websites of the Stock Exchange (<http://www.hkexnews.hk>) and the Company (<http://www.pinecaregroup.com>). Please see below a direct link:

<https://www1.hkexnews.hk/listedco/listconews/sehk/2019/0704/ltn20190704902.pdf>

The 2019 Interim Financial Statements are set out on page 21 to page 52 in the interim report of the Company for the six months ended 30 September 2019 (the “**Interim Report 2019**”), which was published on 28 November 2019. The Interim Report 2019 was posted on the websites of the Stock Exchange (<http://www.hkexnews.hk>) and the Company (<http://www.pinecaregroup.com>). Please see below a direct link:

<https://www1.hkexnews.hk/listedco/listconews/sehk/2019/1128/2019112800580.pdf>

The 2019 Financial Statements and the 2019 Interim Financial Statements (but not any other part of the Annual Report 2019 and the Interim Report 2019 in which they respectively appear) are incorporated by reference into this Composite Document and form part of this Composite Document.

### 3. INDEBTEDNESS STATEMENT

At the close of business on 31 January 2020, being the latest practicable date for the purpose of this indebtedness statement prior to the printing of this Composite Document, the Group had (i) outstanding bank borrowings of, in aggregate, approximately HK\$603.4 million, which was utilised; and (ii) lease liabilities of, in aggregate, approximately HK\$95.3 million. As at 31 January 2020, the Group's land and buildings, construction in progress and right-of-use assets had a total carrying amount of HK\$175.3 million, HK\$47.4 million and HK\$364.2 million, respectively; and financial assets at fair value through profit or loss with carrying amount of HK\$3.1 million were pledged to secure general banking facilities granted to the Group.

Save as aforesaid or as otherwise disclosed herein, and apart from intra-group liabilities and normal trade payables in the normal course of business, at the close of business on 31 January 2020, the Group did not have any loan capital issued and outstanding or agreed to be issued, bank overdrafts, loans or other similar indebtedness, liabilities under acceptances or acceptance credits, debentures, mortgages, charges, hire purchases or finance lease commitments, guarantees or other material contingent liabilities.

### 4. MATERIAL CHANGE

The Directors confirm that, save as disclosed below, there had been no material change in the financial or trading position or outlook of the Group since 31 March 2019, being the date to which the latest audited consolidated financial statements of the Group were made up, up to and including the Latest Practicable Date:

As noted from the management accounts of the Group for the nine months ended 31 December 2019, the Group recorded: (i) a significant increase in depreciation and a significant decrease in property rental and related expenses for the nine months ended 31 December 2019; and (ii) a significant increase in property, plant and equipment and a significant decrease in prepaid land lease payments as at 31 December 2019 compared to that as at 31 March 2019, which was mainly attributable to the Group's adoption of the Hong Kong Financial Reporting Standard 16 with the date of initial application at 1 April 2019, which now recognises and measures right-of-use assets and lease liabilities for all leases with a lease term of more than 12 months, in particular:

- (i) right-of-use assets are recognised at the commencement date of the lease. Right-of-use assets are measured at cost, less any accumulated depreciation and any impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Unless the Group is reasonably certain to obtain ownership of the leased asset at the end of the lease term, the recognised right-of-use assets are depreciated on a straight-line basis over the shorter of the estimated useful life and the lease term; and

- (ii) lease liabilities are recognised at the commencement date of the lease at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in future lease payments arising from change in an index or rate, a change in the lease term, a change in the in-substance fixed lease payments or a change in assessment to purchase the underlying asset.

*The following is the text of a letter, summary of values and valuation certificates, prepared for the purpose of incorporation in this circular received from Roma Appraisals Limited, an independent valuer, in connection with its valuation as at 30 November 2019 of the Group's property.*



22/F, China Overseas Building  
139 Hennessy Road, Wan Chai, Hong Kong  
Tel (852) 2529 6878 Fax (852) 2529 6806  
E-mail [info@romagroup.com](mailto:info@romagroup.com)  
<http://www.romagroup.com>

28 February 2020

**Pine Care Group Limited**

G/F., 1 Koon Wah Lane,  
68–72 Yuk Wah Street,  
Tsz Wan Shan,  
Kowloon,  
Hong Kong

Dear Sir/Madam,

**Re: Property Valuation of Various Properties Located in Hong Kong**

In accordance with your instructions for us to value various properties held by Pine Care Group Limited (the “**Company**”) and/or its subsidiaries (together with the Company referred to as the “**Group**”) in Hong Kong, we confirm that we have carried out inspection, made relevant enquiries and obtained such further information as we consider necessary for the purpose of providing you with our opinion of the market value of the property as at 30 November 2019 (the “**Date of Valuation**”) for the purpose of incorporation in the circular of the Company dated 28 February 2020. We have been advised by the Group that the Group owns no property outside Hong Kong as the Date of Valuation.

**1. BASIS OF VALUATION**

Our valuation of the properties is our opinion of the market value of the concerned properties which we would define as intended to mean “the estimated amount for which an asset or liability should exchange on the valuation date between a willing buyer and a willing seller in an arm’s length transaction, after proper marketing and where the parties had each acted knowledgeably, prudently and without compulsion”.

Market value is understood as the value of an asset or liability estimated without regard to costs of sale or purchase (or transaction) and without offset for any associated taxes or potential taxes.

**2. VALUATION METHODOLOGY**

We have valued the properties by the direct comparison approach assuming sale of the properties in its existing state with the benefit of vacant possession and by making reference to comparable sales transactions as available in the relevant market. Comparison is based on the considerations realized on actual transactions of comparable properties. Comparable properties with similar sizes, characters and locations are analyzed and carefully weighed against all respective advantages and disadvantages of each property in order to arrive at a fair comparison of value.

**3. VALUATION ASSUMPTIONS**

Our valuation has been made on the assumption that the owner sells the properties in the market in its existing state without the benefit of deferred term contracts, leasebacks, joint ventures, management agreements or any similar arrangements which would serve to affect the value of such properties. In addition, no account has been taken of any option or right of pre-emption concerning or affecting the sale of the properties and no allowance has been made for the property to be sold in one lot or to a single purchaser.

**4. TITLE INVESTIGATION**

We have carried out land searches at the Land Registry. However, we have not scrutinized all the original documents to verify ownership or to ascertain the existence of any lease amendments which may not appear on the copies handed to us.

**5. SOURCE OF INFORMATION**

In the course of our valuation, we have relied to a very considerable extent on the information provided by the Group and have accepted advice given to us on such matters as location, time, floor areas, age of building and all other relevant matters which can affect the value of the property. All documents have been used for reference only.

We have no reason to doubt the truth and accuracy of the information provided to us. We have also been advised that no material facts have been omitted from the information supplied. We consider that we have been provided with sufficient information to reach an informed view, and have no reason to suspect that any material information has been withheld.

**6. VALUATION CONSIDERATION**

We have inspected the exterior and, where possible, the interior of the properties. No structural survey has been made in respect of the properties. However, in the course of our inspection, we did not note any serious defects. We are not, however, able to report that the properties are free from rot, infestation or any other structural defects. No tests were carried out on any of the building services.



We have not carried out on-site measurement to verify the floor areas of the properties under consideration but we have assumed that the floor areas shown on the documents handed to us are correct. Except as otherwise stated, all dimensions, measurements and areas included in the valuation certificate are based on information contained in the documents provided to us by the Company and are therefore approximations.

No allowance has been made in our valuation for any charges, mortgages or amounts owing on the property nor for any expenses or taxation which may be incurred in effecting a sale. Unless otherwise stated, it is assumed that the property is free from encumbrances, restrictions and outgoings of an onerous nature which could affect its value.

As advised by the Group, the potential tax liabilities which would arise on the disposal of the property interests held by the Group in Hong Kong at the amount of market value comprise Hong Kong corporate profit tax of 16.5% with effect from the year of assessment 2019/20. Further, as advised by the Group, since the Group has no intention to dispose of its property interests in Hong Kong, it is unlikely that such potential tax liabilities arising from the disposal of the subject properties will be crystallized in the near future.

Our valuation is prepared in accordance with the “RICS Valuation — Global Standards 2017” published by the Royal Institution of Chartered Surveyors, the International Valuation Standards published by the International Valuation Standards Council and in compliance with the requirements set out in Chapter 5 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited and Rule 11 of the Code on Takeovers and Mergers issued by Securities and Futures Commission.

## 7. REMARKS

Unless otherwise stated, all monetary amounts stated in our valuation are in Hong Kong Dollars (HK\$).

Our Summary of Values and Valuation Certificates are attached.

Yours faithfully,  
For and on behalf of  
**Roma Appraisals Limited**  
**Frank F. Wong**

*BA (Business Admin in Acct/Econ) MSc (Real Est)*  
*MRICS Registered Valuer MAusIMM ACIPHE*  
*Director*

*Note:* Mr. Frank F. Wong is a Chartered Surveyor, Registered Valuer, Member of the Australasian Institute of Mining & Metallurgy and Associate of Chartered Institute of Plumbing and Heating Engineering with over 21 years of valuation, transaction advisory and project consultancy experience of properties in Hong Kong and 13 years of experience in valuation of properties and projects in China as well as relevant experience in the Asia-Pacific region, Australia and Oceania-Papua New Guinea, Thailand, France, Germany, Poland, United Kingdom, United States, Abu Dhabi (UAE), Ukraine and Jordan.

## SUMMARY OF VALUES

## Property held by the Group for owner-occupation purpose

No.	Property	Market Value in Existing State as at 30 November 2019
1.	Shops 89 and 91 on Ground Floor, Tak Fung Building, Nos. 85, 85a, 87, 89, 91 & 91A, Lai Chi Kok Road, Mong Kok, Kowloon, Hong Kong	HK\$54,800,000
2.	The whole of 1st and 2nd Floors, Tak Fung Building, Nos. 85, 85a, 87, 89, 91 & 91A, Lai Chi Kok Road, Mong Kok, Kowloon, Hong Kong	HK\$72,600,000
3.	Shop No. 10 on Ground Floor and whole of 1st Floor, Elly House, Nos. 57–69 Hong Ning Road & Nos. 32–38 & 38a Tung Ming Street, Kwun Tong, Kowloon, Hong Kong	HK\$92,000,000
4.	Cinema occupying the western portion of the Ground, 1st, 2nd and 3rd Floors of the building containing stages, auditoriums (including roof), offices, foyers, gallery, lavatories and verandahs, Manning Theatre Building, No. 1 Koon Wah Lane, Tsz Wan Shan, Kowloon, Hong Kong	HK\$218,000,000
5.	Shops on 1st, 2nd and 3rd Floors including the Lavatories thereof, Circulation Staircases from 1st to 3rd Floors and Escalators, A/C Plant Room for 1st to 3rd Floors, Circulation Staircase next to Bank A to 1st Floor and Escalator on Ground Floor, the Canopy on 1st Floor and the External Walls of 1st, 2nd and 3rd Floors of Dollar Building, Nos. 143–145 Shau Kei Wan Road, Shau Kei Wan, Hong Kong	HK\$204,000,000

No.	Property	Market Value in Existing State as at 30 November 2019
6.	Shop No. 10 on Ground Floor including the cockloft (and the staircase in part of the Shop 10 and in the cockloft thereof leading from Shop 10 on the G/F to 2/F level and the lift shaft and lift serving the 1/F and 2/F), the whole of the 1st and 2nd Floors including the staircase in the entrance hall and the staircases adjacent to Shop Nos. 1, 6 and 7 leading from G/F to 2/F level, Flat C on 3rd Floor and Flat Roof, Win Fong Heights, No. 180 Hing Fong Street and No. 15 Shing Fong Street, Kwai Chung, New Territories, Hong Kong	HK\$316,000,000
7.	Workshops 03 and 04 on 36th Floor, King Palace Plaza, No. 52A Sha Tsui Road, Tsuen Wan, New Territories, Hong Kong	HK\$17,800,000
8.	The front portion of Shop G1b and portion of Shop G2 on G/F, portion of Shop U2B (also known as Shop U2b) on the Upper Ground Floor (including the space beneath the staircase and landing on the upper ground floor) together with the staircase leading to the G/F, whole 1/F to 3/F, portions on 4/F, Maintown Plaza, No. 223–237 Nam Cheong Street, Sham Shui Po, Kowloon, Hong Kong	HK\$408,000,000
9.	Units A and B on 12th Floor, Sang Hing Industrial Building, Nos. 81–83 Ta Chuen Ping Street, Kwai Chung, New Territories, Hong Kong	HK\$22,800,000
10.	Flat No. 1 on 4/F Wah Fat Building, Nos. 91, 91A, 93–103 & 103A Hong Ning Road & Nos. 60, 60A, 62–72 & 72A Tung Ming Street, Kowloon, Hong Kong	HK\$8,290,000

<b>No.</b>	<b>Property</b>	<b>Market Value in Existing State as at 30 November 2019</b>
11.	Flat H on 18/F, Che Wah Building, No. 8 Po Ying Lane, Kowloon, Hong Kong	HK\$6,140,000
12.	Flat C on 4th Floor, Yau Lee Building, Nos. 9–27 Yee On Street, Kowloon, Hong Kong	HK\$7,640,000
		<hr/> <b>Total:      <u><u>HK\$1,428,070,000</u></u></b>

## VALUATION CERTIFICATE

## Property held by the Group for owner-occupation purpose

No.	Property	Description and Tenure	Particulars of Occupancy	Market Value in Existing State as at 30 November 2019
1.	Shops 89 and 91 on Ground Floor, Tak Fung Building, Nos. 85, 85a, 87, 89, 91 & 91A, Lai Chi Kok Road, Mong Kok, Kowloon, Hong Kong  4/97th shares of and in the Remaining Portion of Section A of Kowloon Inland Lot no. 2348, the Remaining Portions of Kowloon Inland Lot Nos. 2349, 2350 and 2351	The property comprises two retail units on the ground floor of Tak Fung Building, a 16-storey composite building completed in 1970.  The property has a saleable area of approximately 1,828 sq.ft. and a yard area of approximately 96 sq.ft..  The property is held under Government Lease for a term of 75 years commencing from 4 March 1929 renewed for 75 years (expiring on 3 March 2079).	As advised by the Group, the property was subjected to an intra-group tenancy agreement for Residential Care Home for the Elderly (“RCHE”) use for a term commencing on 1 April 2018 and expiring on 31 March 2020 with a monthly rent of HK\$75,000 exclusive of Government rent, rates and management fees.	HK\$54,800,000

## Notes:

- The registered owner of the property is Fitgarden Limited vide Memorial No. 10101302340080 dated 20 September 2010. Fitgarden Limited is an indirectly wholly owned subsidiary of the Company.
- The property lies within an area zoned “Residential (Group A)” under the Mong Kok Outline Zoning Plan No. S/K3/32 gazetted under section 9(1)(a) of Town Planning Ordinance on 18 October 2019.
- The property is subjected to the following material encumbrances:
  - Deed of Mutual Covenant vide Memorial No. UB752269 dated 8 July 1970; and
  - Mortgage for all money in favor of Hang Seng Bank Limited vide Memorial No. 10101302340096 dated 20 September 2010. Fitgarden Limited and certain of its fellow subsidiary companies are the borrowers for a bank facility amounting HK\$7,094,000.
- Our inspection was performed by Jack Zhou with about one year property valuation experience in Hong Kong in December 2019.
- The vicinity of the property is mainly comprised with residential developments. Public transportation such as MTR, franchised buses, etc. are readily available.

## VALUATION CERTIFICATE

No.	Property	Description and Tenure	Particulars of Occupancy	Market Value in Existing State as at 30 November 2019										
2.	The whole of 1st and 2nd Floors, Tak Fung Building, Nos. 85, 85a, 87, 89, 91 & 91A, Lai Chi Kok Road, Mong Kok, Kowloon, Hong Kong  12/97th shares of and in the Remaining Portion of Section A of Kowloon Inland Lot no. 2348, the Remaining Portions of Kowloon Inland Lot Nos. 2349, 2350 and 2351	<p>The property comprises the whole of 1st and 2nd floors of the commercial area of Tak Fung Building, a 16-storey composite building completed in 1970.</p> <p>The property has a saleable area of approximately 6,170 sq.ft., breakdown as below:</p> <table><tr><td></td><td><b>Saleable Area</b></td></tr><tr><td></td><td>( sq.ft.)</td></tr><tr><td>1st Floor</td><td>2,959</td></tr><tr><td>2nd Floor</td><td><u>3,211</u></td></tr><tr><td>Total</td><td><u><u>6,170</u></u></td></tr></table> <p>The property is held under Government Lease for a term of 75 years commencing from 4 March 1929 renewed for 75 years (expiring on 3 March 2079).</p>		<b>Saleable Area</b>		( sq.ft.)	1st Floor	2,959	2nd Floor	<u>3,211</u>	Total	<u><u>6,170</u></u>	As advised by the Group, the property was subjected to an intra-group tenancy agreement for RCHE use for a term commencing on 1 April 2018 and expiring on 31 March 2020 with a monthly rent of HK\$75,000 exclusive of Government rent, rates and management fees.	HK\$72,600,000
	<b>Saleable Area</b>													
	( sq.ft.)													
1st Floor	2,959													
2nd Floor	<u>3,211</u>													
Total	<u><u>6,170</u></u>													

## Notes:

- The registered owner of the property is Mainfield Limited vide Memorial No. 10101302340068 dated 20 September 2010. Mainfield Limited is an indirectly wholly owned subsidiary of the Company.
- The property lies within an area zoned "Residential (Group A)" under the Mong Kok Outline Zoning Plan No. S/K3/32 gazetted under section 9(1)(a) of Town Planning Ordinance on 18 October 2019.
- The property is subjected to the following material encumbrances:
  - Deed of Mutual Covenant vide Memorial No. UB752269 dated 8 July 1970; and
  - Mortgage for all money in favor of Hang Seng Bank Limited vide Memorial No. 10101302340073 dated 20 September 2010. Mainfield Limited and certain of its fellow subsidiary companies are the borrowers for a bank facility amounting HK\$5,585,000.
- Our inspection was performed by Jack Zhou with about one year property valuation experience in Hong Kong in December 2019.
- The vicinity of the property is mainly comprised with residential developments. Public transportation such as MTR, franchised buses, etc. are readily available.

## VALUATION CERTIFICATE

No.	Property	Description and Tenure	Particulars of Occupancy	Market Value in Existing State as at 30 November 2019								
3.	Shop No. 10 on Ground Floor and whole of 1st Floor, Elly House, Nos. 57–69 Hong Ning Road & Nos. 32–38 & 38A Tung Ming Street, Kwun Tong, Kowloon, Hong Kong  36/390th shares of and in Kwun Tong Inland Lot No. 690	<p>The property comprises a retail unit on the ground floor and the commercial space on the whole of 1st floor of Elly House, a 26-storey composite building completed in 1974.</p> <p>The property has a total saleable area of approximately 7,625 sq.ft., breakdown as below:</p> <table><tr><td></td><td><b>Saleable Area</b> ( sq.ft.)</td></tr><tr><td>1st Floor</td><td>548</td></tr><tr><td>2nd Floor</td><td><u>7,077</u></td></tr><tr><td>Total</td><td><u><u>7,625</u></u></td></tr></table> <p>The property is held under Conditions of Sale No. 10132 for a term of 99 years commencing from 1 July 1898 and statutorily renewed until 30 June 2047.</p>		<b>Saleable Area</b> ( sq.ft.)	1st Floor	548	2nd Floor	<u>7,077</u>	Total	<u><u>7,625</u></u>	As advised by the Group, the property was subjected to an intra-group tenancy agreement for RCHE use for a term commencing on 1 April 2018 and expiring on 31 March 2020 with a monthly rent of HK\$140,000 exclusive of Government rent, rates and management fees.	HK\$92,000,000
	<b>Saleable Area</b> ( sq.ft.)											
1st Floor	548											
2nd Floor	<u>7,077</u>											
Total	<u><u>7,625</u></u>											

## Notes:

- The registered owner of the property is Chun Fai Development Limited vide Memorial No. UB3346489 dated 26 March 1987. Chun Fai Development Limited is an indirectly wholly owned subsidiary of the Company.
- The property lies within an area zoned “Residential (Group A)” under the Kwun Tong (South) Outline Zoning Plan No. S/K14S/22 gazetted under section 9(1)(a) of Town Planning Ordinance on 9 November 2018.
- The property is subjected to the following material encumbrances:
  - Deed of Mutual Covenant vide Memorial No. UB1140911 dated 5 February 1975;
  - Mortgage to secure general banking facilities in favor of Hang Seng Bank Limited vide Memorial No. UB9300935 dated 20 July 2004. Chun Fai Development Limited and certain of its fellow subsidiary companies are the borrowers for a bank facility amounting HK\$1,770,000; and
  - Deed of Variation and Further Charge to secure all moneys in respect of general banking facilities in favor of Hang Seng Bank Limited vide Memorial No. 07111501770087 dated 8 November 2007. Chun Fai Development Limited and certain of its fellow subsidiary companies are the borrowers for a bank facility amounting HK\$1,770,000.
- Our inspection was performed by Jack Zhou with about one year property valuation experience in Hong Kong in December 2019.
- The vicinity of the property is mainly comprised with residential developments. Public transportation such as MTR, franchised buses, etc. are readily available.



## VALUATION CERTIFICATE

No.	Property	Description and Tenure	Particulars of Occupancy	Market Value in Existing State as at 30 November 2019												
4.	Cinema occupying the western portion of the Ground, 1st, 2nd and 3rd Floors of the building containing stages, auditoriums (including roof), offices, foyers, gallery, lavatories and verandahs, Manning Theatre Building, No. 1 Koon Wah Lane, Tsz Wan Shan, Kowloon, Hong Kong	<p>The property comprises certain retail space at the western portion of the ground floor to 3rd floor of Manning Theatre Building, a 32-storey with a 1-storey basement composite building completed in 1973.</p> <p>The property has a total saleable area of approximately 17,603 sq.ft., breakdown as below:</p> <table><thead><tr><th></th><th>Saleable Area ( sq.ft.)</th></tr></thead><tbody><tr><td>Ground Floor</td><td>1,787</td></tr><tr><td>1st Floor</td><td>6,904</td></tr><tr><td>2nd Floor</td><td>6,453</td></tr><tr><td>3rd Floor</td><td>2,459</td></tr><tr><td>Total</td><td>17,603</td></tr></tbody></table> <p>The property is held under Conditions of Sale No. 9735 for a term of 99 years commencing from 1 July 1898 and statutorily renewed until 30 June 2047.</p>		Saleable Area ( sq.ft.)	Ground Floor	1,787	1st Floor	6,904	2nd Floor	6,453	3rd Floor	2,459	Total	17,603	As advised by the Group, the property was subjected to an intra-group tenancy agreement for RCHE use for a term commencing on 1 April 2018 and expiring on 31 March 2020 with a monthly rent of HK\$280,000 exclusive of Government rent, rates and management fees.	HK\$218,000,000
	Saleable Area ( sq.ft.)															
Ground Floor	1,787															
1st Floor	6,904															
2nd Floor	6,453															
3rd Floor	2,459															
Total	17,603															

## Notes:

- The registered owner of the property is Grant Smart Development Limited vide Memorial No. UB8383787 dated 24 April 2001. Grant Smart Development Limited is an indirectly wholly owned subsidiary of the Company.
- The property lies within an area zoned “Residential (Group A)” under the Tsz Wan Shan, Diamond Hill and San Po Kong Outline Zoning Plan No. S/K11/29 gazetted under section 9(1)(a) of Town Planning Ordinance on 16 December 2016.
- The property is subjected to the following material encumbrances:
  - Deed of Mutual Covenant vide Memorial No. UB1024467 dated 18 September 1973;
  - No-objection Letter from the Government of the HKSAR by the District Lands Officer/Kowloon East vide Memorial No. UB8667080 dated 19 April 2002;
  - Mortgage to secure general banking facilities in favor of Hang Seng Bank Limited vide Memorial No. UB9300932 dated 20 July 2004. Grant Smart Development Limited and certain of its fellow subsidiary companies are the borrowers for a bank facility amounting HK\$5,000,000; and

- d. Deed of Variation and Further Charge to secure all moneys in respect of general banking facilities in favor of Hang Seng Bank Limited vide Memorial No. 07111501770073 dated 8 November 2007. Grant Smart Development Limited and certain of its fellow subsidiary companies are the borrowers for a bank facility amounting HK\$5,000,000.
- 4. Our inspection was performed by Jack Zhou with about one year property valuation experience in Hong Kong in December 2019.
- 5. The vicinity of the property is mainly comprised with residential developments. Public transportation such as franchised buses are readily available.

## VALUATION CERTIFICATE

No.	Property	Description and Tenure	Particulars of Occupancy	Market Value in Existing State as at 30 November 2019												
5.	Shops on 1st, 2nd and 3rd Floors including the Lavatories thereof, Circulation Staircases from 1st to 3rd Floors and Escalators, A/C Plant Room for 1st to 3rd Floors, Circulation Staircase next to Bank A to 1st Floor and Escalator on Ground Floor, the Canopy on 1st Floor and the External Walls of 1st, 2nd and 3rd Floors of Dollar Building, Nos. 143–145 Shau Kei Wan Road, Shau Kei Wan, Hong Kong	<p>The property comprises the commercial spaces on the whole of the 1st to 3rd floors of Dollar Building, a 22-storey with a 1-storey basement composite building completed in 1982.</p> <p>The property has a total saleable area of approximately 11,979 sq.ft., breakdown as below:</p> <table><thead><tr><th></th><th>Saleable Area ( sq.ft.)</th></tr></thead><tbody><tr><td>Ground Floor</td><td>225</td></tr><tr><td>1st Floor</td><td>3,638</td></tr><tr><td>2nd Floor</td><td>4,058</td></tr><tr><td>3rd Floor</td><td>4,058</td></tr><tr><td>Total</td><td>11,979</td></tr></tbody></table>		Saleable Area ( sq.ft.)	Ground Floor	225	1st Floor	3,638	2nd Floor	4,058	3rd Floor	4,058	Total	11,979	<p>As advised by the Group, the property was subjected to an intra-group tenancy agreement for RCHE use for a term commencing on 1 April 2018 and expiring on 31 March 2020 with a monthly rent of HK\$240,000 exclusive of Government rent, rates and management fees.</p>	HK\$204,000,000
	Saleable Area ( sq.ft.)															
Ground Floor	225															
1st Floor	3,638															
2nd Floor	4,058															
3rd Floor	4,058															
Total	11,979															
	1,230/3,030th shares of and in Shaukiwan Inland Lot No. 442	<p>The property is held under Government Lease for a term of 999 years commencing from 16 January 1860 and expiring on 15 January 2859.</p>														

## Notes:

- The registered owner of the property is Wellfield Properties Development Limited (formerly known as Wealth Pine Limited) vide Memorial No. 06021600620078 dated 23 January 2006. Wellfield Properties Development Limited is an indirectly wholly owned subsidiary of the Company.
- The property lies within an area zoned “Residential (Group A)” under the Shau Kei Wan Outline Zoning Plan No. S/H9/18 gazetted under section 9(1)(a) of Town Planning Ordinance on 17 April 2015.
- The property is subjected to the following material encumbrances:
  - Deed of Mutual Covenant vide Memorial No. UB2362533 dated 17 January 1983; and
  - Mortgage for all money in favor of The Hongkong and Shanghai Banking Corporation Limited vide Memorial No. 12082901960047 dated 6 August 2012. Wellfield Properties Development Limited is the borrower for a bank facility amounting HK\$41,676,000.
- Our inspection was performed by Jack Zhou with about one year property valuation experience in Hong Kong in December 2019.
- The vicinity of the property is mainly comprised with residential developments. Public transportation such as MTR, franchised buses, etc. are readily available.

## VALUATION CERTIFICATE

No.	Property	Description and Tenure	Particulars of Occupancy	Market Value in Existing State as at 30 November 2019														
6.	Shop No. 10 on Ground Floor including the cockloft (and the staircase in part of the Shop 10 and in the cockloft thereof leading from Shop 10 on the G/F to 2/F level and the lift shaft and lift serving the 1/F and 2/F), the whole of the 1st and 2nd Floors including the staircase in the entrance hall and the staircases adjacent to Shop Nos. 1, 6 and 7 leading from G/F to 2/F level, Flat C on 3rd Floor and Flat Roof, Win Fong Heights, No. 180 Hing Fong Street and No. 15 Shing Fong Street, Kwai Chung, New Territories, Hong Kong	<p>The property comprises a retail unit on the ground floor and cockloft level, the commercial space on the whole of the 1st and 2nd floors and a residential unit on the 3rd floor with flat roof of Win Fong Heights, a 22-storey composite building completed in 1977.</p> <p>The property has a total saleable area of approximately 24,456 sq.ft., breakdown as below:</p> <table><thead><tr><th colspan="2">Saleable Area</th></tr><tr><th></th><th>( sq.ft.)</th></tr></thead><tbody><tr><td>Ground Floor</td><td>637</td></tr><tr><td>1st Floor</td><td>11,680</td></tr><tr><td>2nd Floor</td><td>11,680</td></tr><tr><td>3rd Floor</td><td>459</td></tr><tr><td>Total</td><td>24,456</td></tr></tbody></table>	Saleable Area			( sq.ft.)	Ground Floor	637	1st Floor	11,680	2nd Floor	11,680	3rd Floor	459	Total	24,456	<p>As advised by the Group, the property was subjected to an intra-group tenancy agreement for RCHE use for a term commencing on 1 April 2018 and expiring on 31 March 2020 with a monthly rent of HK\$420,000 exclusive of Government rent, rates and management fees.</p>	HK\$316,000,000
Saleable Area																		
	( sq.ft.)																	
Ground Floor	637																	
1st Floor	11,680																	
2nd Floor	11,680																	
3rd Floor	459																	
Total	24,456																	
	39/226th shares of and in Kwai Chung Town Lot No. 181	<p>The property is held under New Grant No. TW4842 for a term of 99 years commencing from 1 July 1898 and statutorily renewed until 30 June 2047.</p>																

## Notes:

- The registered owner of the property is Ruby international Investment Limited vide Memorial No. TW1153774 dated 10 July 1997 (Re: Shop No. 10 on Ground Floor, the whole of 1st and 2nd Floors) and Memorial No. TW1153773 dated 10 July 1997 (Re: Flat C on 3rd Floor and Flat Roof). Ruby international Investment Limited is an indirectly wholly owned subsidiary of the Company.
- The property lies within an area zoned "Residential (Group A)" under the Kwai Chung Outline Zoning Plan No. S/KC/29 gazetted under section 7 of Town Planning Ordinance on 19 January 2018.
- The property is subjected to the following material encumbrances:
  - Occupation Permit vide Memorial No. TW140182 dated 7 March 1977;
  - Deed of Covenant vide Memorial No. TW141619 dated 1 April 1977;
  - Deed Poll vide Memorial No. TW1259686 dated 9 September 1998 (Re: Shop No. 10 on Ground Floor, the whole of 1st and 2nd Floors);
  - Sub-Deed of Mutual Covenant vide Memorial No. TW1269787 dated 13 January 1999 (Re: Shop No. 10 on Ground Floor); and

- e. Mortgage for all money in favor of The Hongkong and Shanghai Banking Corporation Limited vide Memorial No. 12082901960021 dated 6 August 2012. Ruby international Investment Limited is the borrower for a bank facility amounting HK\$61,614,000.
- 4. Our inspection was performed by Jack Zhou with about one year property valuation experience in Hong Kong in December 2019.
- 5. The vicinity of the property is mainly comprised with residential developments. Public transportation such as MTR, franchised buses, etc. are readily available.

## VALUATION CERTIFICATE

No.	Property	Description and Tenure	Particulars of Occupancy	Market Value in Existing State as at 30 November 2019
7.	Workshops 03 and 04 on 36th Floor, King Palace Plaza, No. 52A Sha Tsui Road, Tsuen Wan, New Territories, Hong Kong	The property comprises two workshop units on the 36th floor of King Place Plaza, a 33-storey (4th–7th, 13th, 14th, 24th and 34th floors omitted) industrial building completed in 2010.	As advised by the Group, the property was occupied by the Group for ancillary office use as at the Date of Valuation.	HK\$17,800,000
	16/2,957th shares of and in the Remaining Portion of Tsun Wan Inland Lot No. 27	The property has a saleable area of approximately 1,740 sq.ft.  The property is held under Conditions of Sale No. UB5087 for a term of 75 years renewable for 24 years commencing from 1 July 1898, and statutorily renewed until 30 June 2047.		

*Notes:*

1. The registered owner of the property is Fully Trend Limited vide Memorial No. 15061602280087 dated 1 June 2015. Fully Trend Limited is an indirectly wholly owned subsidiary of the Company.
2. The property lies within an area zoned “Other Specified Uses” under the Tsuen Wan Outline Zoning Plan No. S/TW/33 gazetted under section 9(1)(a) of Town Planning Ordinance on 28 April 2017.
3. The property is subjected to the following material encumbrances:
  - a. Occupation Permit No. NT 26/2010 (OP) vide Memorial No. 10073003060375 dated 6 July 2010;
  - b. Deed of Mutual Covenant and Management Agreement vide Memorial No. 10083102930174 dated 13 August 2010;
  - c. Mortgage for all money in favor of China Construction Bank (Asia) Corporation Limited vide Memorial No. 15061602280095 dated 1 June 2015. Fully Trend Limited is the borrower for a bank facility amounting HK\$4,340,000; and
  - d. Assignment of Rentals in favor of China Construction Bank (Asia) Corporation Limited vide Memorial No. 15061602280104 dated 1 June 2015.
4. Our inspection was performed by Jack Zhou with about one year property valuation experience in Hong Kong in December 2019.
5. The vicinity of the property is mainly comprised with industrial developments. Public transportation such as franchised buses are readily available.

## VALUATION CERTIFICATE

No.	Property	Description and Tenure	Particulars of Occupancy	Market Value in Existing State as at 30 November 2019
8.	The front portion of Shop G1B and portion of Shop G2 on G/F, portion of Shop U2B (also known as Shop U2b) on the Upper Ground Floor (including the space beneath the staircase and landing on the upper ground floor) together with the staircase leading to the G/F, whole 1/F to 3/F, portions on 4/F, Maintown Plaza, No. 223–237 Nam Cheong Street, Sham Shui Po, Kowloon, Hong Kong  4478/5000 of 145/560th equal and undivided shares of and in New Kowloon Inland Lot No. 5422.	The property comprises a retail unit on the ground floor and the commercial spaces on the upper ground floor, whole of the 1st to 3rd floors and portion of the 4th floor of Maintown Plaza, a composite development completed in 1974.  The property has a total saleable area of approximately 31,037 sq.ft..  The property is held under Conditions of Sale No. UB10017 for a term of 99 years commencing from 1 July 1898 and statutorily renewed until 30 June 2047.	As advised by the Group, the property was occupied by the Group for RCHE use as at the Date of Valuation.	HK\$408,000,000

*Notes:*

- The registered owner of the property is Lorient Holdings Limited vide Memorial No. UB5242283 dated 20 March 1992 (Re: Shop G1B on Ground Floor and Whole of 1st to 3rd Floors) and Memorial No. 18020700790030 (Confirmatory Assignment) dated 18 January 2018 (Re: Shop G2 on Ground Floor). Lorient Holdings Limited is an indirectly wholly owned subsidiary of the Company.
- The property lies within an area zoned “Residential (Group A)” under the Shek Kip Mei Outline Zoning Plan No. S/K4/29 gazetted under section 9(1)(a) of Town Planning Ordinance on 24 July 2015.
- The property is subjected to the following material encumbrance:
  - Deed of Mutual Covenant vide Memorial No. UB1142788 dated 30 January 1975; and
  - Mortgage for all money in favor of Hang Seng Bank Limited vide Memorial No. 18030101920011 dated 5 February 2018 (Remarks: Re Whole 1/F to 3/F and portions on 4/F of the Cinema Portion which portions are shown and colored green on plan annexed to Mem. No. UB1537653 Maintown Plaza of 120/560 shares). Pine Care Elderly Home Development Limited, the fellow subsidiary company of Lorient Holdings Limited and an indirectly wholly owned subsidiary of Pine Care Group Limited, is the borrower for a bank facility amounting HK\$350,000,000.
- Our inspection was performed by Jack Zhou with about one year property valuation experience in Hong Kong in December 2019.
- The vicinity of the property is mainly comprised with residential developments. Public transportation such as MTR, franchised buses, etc. are readily available.



## VALUATION CERTIFICATE

No.	Property	Description and Tenure	Particulars of Occupancy	Market Value in Existing State as at 30 November 2019
9.	Units A and B on 12th Floor, Sang Hing Industrial Building, Nos. 81–83 Ta Chuen Ping Street, Kwai Chung, New Territories, Hong Kong  16/2,957th shares of and in the Remaining Portion of Tsun Wan Inland Lot No. 27	The property comprises two units on the 12th floor of Sang Hing Industrial Building, a 14-storey industrial building completed in 1978.  The property has a total saleable area of approximately 4,450 sq.ft..  The property is held under New Grant No TW3925 for a term of 99 years commencing from 1 July 1898, and statutorily renewed until 30 June 2047.	As advised by the Group, the property was vacant as at the Date of Valuation.	HK\$22,800,000

*Notes:*

1. The registered owner of the property is Fully Trend Limited vide Memorial No. 18021500720024 dated 29 January 2018. Fully Trend Limited is an indirectly wholly owned subsidiary of the Company.
2. The property lies within an area zoned “Other Specified Uses” under the Kwai Chung Outline Zoning Plan No. S/KC/29 gazetted under section 7 of Town Planning Ordinance on 19 January 2018.
3. The property is subjected to the following material encumbrances:
  - a. Deed of Mutual Covenant vide Memorial No. TW161940 dated 5 June 1978; and
  - b. Legal Charge for all moneys in favor of Wing Hang Bank Limited vide Memorial No. 09043002340022 dated 2 April 2009;
  - c. Partial Release (Re: Memorial No. 09043002340022) vide Memorial No. 12060502260010 dated 3 May 2012; and
  - d. Mortgage for all moneys in favor of the Hongkong and Shanghai Banking Corporation Limited vide Memorial No. 18091001900020 dated 4 September 2018. Fully Trend Limited is the borrower for a bank facility amounting HK\$6,720,000.
4. Our inspection was performed by Jack Zhou with about one year property valuation experience in Hong Kong in December 2019.
5. The vicinity of the property is mainly comprised with industrial developments. Public transportation such as franchised buses are readily available.

## VALUATION CERTIFICATE

No.	Property	Description and Tenure	Particulars of Occupancy	Market Value in Existing State as at 30 November 2019
10.	Flat No. 1 on 4/F Wah Fat Building, Nos. 91, 91A, 93-103 & 103A Hong Ning Road & Nos. 60, 60A, 62-72 & 72A Tung Ming Street, Kowloon, Hong Kong  2/386th shares of and in the Remaining Portion of Kwun Tong Inland Lot No. 186 and 187	The property comprises a residential unit on the fourth floor of Wah Fat Building, a 12-storey residential building completed in 1964.  The property has a saleable area of approximately 630 sq.ft..  The property is held under Conditions Of Sale No. 6489 and 6484 for a term of 21 years renewable for 17 years commencing from 1 July 1959 and statutorily renewed until 30 June 2047.	As advised by the Group, the property was occupied by the Group for staff dorm use as at the Date of Valuation.	HK\$8,290,000

*Notes:*

- The registered owner of the property is Fully Trend Limited vide Memorial No. 18092602090019 dated 11 September 2018. Fully Trend Limited is an indirectly wholly owned subsidiary of the Company.
- The property lies within an area zoned "Residential (Group A)" under the Kwun Tong (South) Outline Zoning Plan No. S/K14S/22 gazetted under section 9(1)(a) of Town Planning Ordinance on 09 November 2018.
- The property is subjected to the following material encumbrance:
  - Deed of Mutual Covenant with plan vide Memorial No. UB436297 dated 15 April 1964; and
  - Mortgage for all moneys in favor of the Nanyang Commercial Bank, Limited vide Memorial No. 19032000280011 dated 28 February 2019. Pine Care Elderly Home Development Limited, the fellow subsidiary company of Fully Trend Limited and an indirectly wholly owned subsidiary of Pine Care Group Limited, is the borrower for a bank facility amounting HK\$15,000,000.
- Our inspection was performed by Jack Zhou with about one year property valuation experience in Hong Kong in December 2019.
- The vicinity of the property is mainly comprised with residential developments. Public transportation such as MTR, franchised buses, etc. are readily available.

## VALUATION CERTIFICATE

No.	Property	Description and Tenure	Particulars of Occupancy	Market Value in Existing State as at 30 November 2019
11.	Flat H on 18/F, Che Wah Building, No. 8 Po Ying Lane, Kowloon, Hong Kong  5/1184th shares of and in the New Kowloon Inland Lot No. 5503	The property comprises a residential unit with a saleable area of approximately 415.5 sq.ft., situated in Che Wah Building, a 22-storey composite development completed in 1978.  The property is held under Conditions of Exchange No. UB18468 for a term of 99 years commencing from 1 July 1898 and statutorily renewed until 30 June 2047.	As advised by the Group, the property was occupied by the Group for staff dorm use as at the Date of Valuation.	HK\$6,140,000

*Notes:*

1. The registered owner of the property is Giant Success International Holdings Limited vide Memorial No. 15031102400100 dated 25 February 2015. Giant Success International Holdings Limited is an indirectly wholly owned subsidiary of the Company.
2. The property lies within an area zoned “Residential (Group A)” under the Tsz Wan Shan, Diamond Hill and San Po Kong Outline Zoning Plan No. S/K11/29 gazetted under section 9(1)(a) of Town Planning Ordinance on 16 December 2016.
3. The property is subjected to a Deed of Mutual Covenant vide Memorial No. UB1501610 dated 18 February 1978.
4. Our inspection was performed by Jack Zhou with about one year property valuation experience in Hong Kong in December 2019.
5. The vicinity of the property is mainly comprised with residential developments. Public transportation such as franchised buses are readily available.

## VALUATION CERTIFICATE

No.	Property	Description and Tenure	Particulars of Occupancy	Market Value in Existing State as at 30 November 2019
12.	Flat C on 4th Floor, Yau Lee Building, Nos. 9–27 Yee On Street, Kowloon, Hong Kong	The property comprises a residential unit with a saleable area of approximately 519.9 sq.ft., situated in Yau Lee Building, an 8-storey composite development completed in 1963.	As advised by the Group, the property was occupied by the Group for staff dorm use as at the Date of Valuation.	HK\$7,640,000
	1/100th shares of and in the Kwun Tong Inland Lot No. 181	The property is held under Conditions of Sales No. 6442 for a term of 21 years renewable for 17 years commencing from 1 July 1959 and statutorily renewed until 30 June 2047.		

*Notes:*

1. The registered owner of the property is Giant Success International Holdings Limited vide Memorial No. 15030402570119 dated 9 February 2015. Giant Success International Holdings Limited is an indirectly wholly owned subsidiary of the Company.
2. The property lies within an area zoned “Residential (Group A)” under the Kwun Tong (South) Outline Zoning Plan No. S/K14S/22 gazetted under section 9(1)(a) of Town Planning Ordinance on 09 November 2018.
3. The property is subjected to a Deed of Mutual Covenant vide Memorial No. UB421279 dated 26 November 1963.
4. Our inspection was performed by Jack Zhou with about one year property valuation experience in Hong Kong in December 2019.
5. The vicinity of the property is mainly comprised with residential developments. Public transportation such as MTR, franchised buses, etc. are readily available.

## 1. RESPONSIBILITY STATEMENT

This Composite Document includes particulars given in compliance with the Takeovers Code for the purpose of providing information to the Shareholders with regard to the Offeror and the Offer.

The Offeror accepts full responsibility for the accuracy of the information contained in this Composite Document (other than the information relating to the Group, the Vendor and their respective associates and parties acting in concert with them (excluding the Offeror)), and confirms, having made all reasonable enquires, that to the best of his knowledge, opinions expressed in this Composite Document (other than those expressed by the Group, the Vendor and their respective associates and parties acting in concert with them (excluding the Offeror)) have been arrived at after due and careful consideration and there are no other facts not contained in this Composite Document, the omission of which would make any statement in this Composite Document misleading.

## 2. MARKET PRICES

The table below shows, based on publicly available information of the Company, the closing prices of the Shares as quoted on the Stock Exchange on (i) the last day on which trading took place in each of the calendar months during the Relevant Period; (ii) the Last Trading Day; and (iii) the Latest Practicable Date.

<b>Date</b>	<b>Closing Price HK\$</b>
28 June 2019	0.72
31 July 2019	0.70
30 August 2019	0.61
30 September 2019	0.61
31 October 2019	0.66
29 November 2019	0.62
31 December 2019	1.17
31 January 2020	0.74
5 February 2020 (being the Last Trading Day)	0.80
25 February 2020 (being the Latest Practicable Date)	1.64

The lowest and highest daily closing prices of the Shares as quoted on the Stock Exchange during the Relevant Period were HK\$0.59 per Share on each of 13 August 2019, 26 August 2019, 20 September 2019, 23 September 2019, 15 October 2019 and 16 October 2019 respectively and HK\$1.65 per Share on the five consecutive trading days from 17 February 2020 to 21 February 2020 respectively.

### 3. DISCLOSURE OF INTERESTS

As at the Latest Practicable Date, the Offeror and the parties acting in concert with him held 609,784,000 Shares, representing approximately 67.54% of the total issued share capital of the Company, which include 474,480,000 Shares held by the Purchasers, i.e. the Offeror and Mr. SB Tang (representing approximately 52.55% of the total issued share capital of the Company) and 135,304,000 Shares held by the Vendor (representing approximately 14.99% of the total issued share capital of the Company). Save as disclosed below, the Offeror and the parties acting in concert with him do not have any other interests in the share capital or voting rights of the Company:

Name of Shareholders	Capacity	Number of Shares		Approximate percentage of holding	
		Long Position	Short Position	Long Position	Short Position
The Offeror	Interest of controlled corporation	272,496,000			
	Beneficial Owner	63,216,000			
		<hr/>	<hr/>	<hr/>	<hr/>
		335,712,000		37.18	
		(note 1)			
Smartbase (note 2)	Beneficial Owner	48,320,000	—	5.35	—
Starcorp (note 3)	Beneficial Owner	224,176,000	—	24.83	—
Mr. SB Tang	Interest of controlled corporation	201,984,000	—	22.37	—
Century Fortress (note 4)	Beneficial Owner	130,800,000	—	14.49	—
Great Canton (note 5)	Beneficial Owner	71,184,000	—	7.88	—

*Notes:*

1. Including 272,496,000 Shares and the Offeror's interest in the Call Options of up to a total of 63,216,000 Shares.
2. Smartbase is a company incorporated in the BVI, the entire issued share capital of which is legally and beneficially owned by the Offeror.
3. Starcorp is a company incorporated in the BVI, the entire issued share capital of which is legally and beneficially owned by the Offeror.

4. Century Fortress is a company incorporated in the BVI, the entire issued share capital of which is legally and beneficially owned by Mr. SB Tang.
5. Great Canton is a company incorporated in the BVI, the entire issued share capital of which is legally and beneficially owned by Mr. SB Tang.

#### 4. DEALINGS IN SECURITIES

Save for the transactions under the SPA and the following transactions, none of the Offeror nor its concert parties had dealt for value in any relevant securities of the Company as defined in Note 4 to Rule 22 of the Takeovers Code during the Relevant Period and up to the Latest Practicable Date.

The following transactions were carried out by Mr. SB Tang, the concert party of the Offeror, during the Relevant Period:

<b>Date of transactions on the Stock Exchange</b>	<b>No. of Shares purchased</b>	<b>Highest transaction price per Share</b>	<b>Average transaction price per Share</b>
17 October 2019	304,000	0.6450	0.6450
18 October 2019	1,176,000	0.6763	0.6763

#### 5. OTHER ARRANGEMENTS

As at the Latest Practicable Date:

- (a) save for the 609,784,000 Shares held by the Offeror and his concert parties, none of the Offeror and parties acting in concert with him owns, has control, or direction over any voting rights or rights over Shares or convertible securities, warrants, options of the Company or derivatives of the Company;
- (b) save as disclosed in the paragraph headed “4. Dealings in Securities” above, the Offeror and parties acting in concert with him did not have any interests in any Shares, convertible securities, warrants, options of the Company or any derivatives in respect of such securities, or had dealt for value in any Shares, convertible securities, warrants, options of the Company or any derivatives in respect of such securities;
- (c) none of the Offeror and parties acting in concert with him has borrowed or lent any relevant securities (as defined under Note 4 to Rule 22 of the Takeovers Code) of the Company;
- (d) the Offeror and parties acting in concert with him have no agreement, arrangement or understanding to transfer, charge or pledge any of the Offer Shares acquired pursuant to the Offer to any other persons;



- (e) no arrangement of the kind referred to in the third paragraph of Note 8 to Rule 22 of the Takeovers Code existed between the Offeror or any parties acting in concert with him and any other person;
- (f) as at the Latest Practicable Date, no arrangement of any kind referred to in Note 8 to Rule 22 of the Takeovers Code exists between a person who owned or controlled Shares or convertible securities, warrants, options or derivatives of the Company and the Offeror or any parties acting in concert with him or the Offeror's associates (as defined under the Takeovers Code);
- (g) save for the Loan Agreement, there is no arrangement (whether by way of option, indemnity or otherwise) in relation to the Offeror, parties acting in concert with him and the Company which might be material to the Offer;
- (h) there is no agreement or arrangement to which the Offeror or parties acting in concert with him is a party which relates to circumstances in which it may or may not invoke or seek to invoke a precondition or condition to the Offer;
- (i) no benefit (other than statutory compensation required under the applicable laws) had been or would be given to any Director as compensation for loss of office or otherwise in connection with the Offer;
- (j) no agreement, arrangement or understanding (including any compensation arrangement) existed between the Offeror or any person acting in concert with him and any of the Directors, recent Directors, and Shareholders or recent Shareholders which had any connection with or dependence upon the Offer;
- (k) save for the Irrevocable Undertaking, none of the Offeror and parties acting in concert with him has received any irrevocable commitment(s) to accept or reject the Offers;
- (l) there is no understanding, arrangement or special deal (as defined under Rule 25 of the Takeovers Code) between the Vendor and any parties acting in concert with it on one hand, and the Offeror or any parties acting in concert with him on the other hand. There is no other consideration, compensation or benefit in whatever form paid or to be paid by the Offeror and his concert parties to the Vendor or its concert parties aside from the consideration under the SPA; and
- (m) there is no understanding, arrangement or agreement or special deal (as defined under Rule 25 of the Takeovers Code) between (i) any Shareholder; and (ii)(a) the Offeror and any parties acting in concert with him or (ii)(b) the Company, its subsidiaries or associated companies.

**6. CONSENTS AND QUALIFICATIONS**

- (a) The following are the qualifications of the experts who have given opinions or advice which are contained in this Composite Document:

<b>Name</b>	<b>Qualifications</b>
Gear	a licensed corporation to carry on type 1 (dealing in securities) and type 4 (advising on securities) regulated activities under the SFO, being the agent making the Offer on behalf of the Offeror
Trinity	a licensed corporation to carry on type 6 (advising on corporate finance) regulated activity under the SFO, being the financial adviser to the Offeror in respect of the Offer

- (b) Each of Gear and Trinity has given and has not withdrawn their respective written consents to the issue of this Composite Document with the inclusion of their respective advice, letters and/or reports (as the case may be) and references to their names and logos in the form and context in which they respectively appear.

**7. GENERAL**

- (a) The address of the Offeror and Mr. SB Tang (being the principal members of the concert group of the Offeror) is 8/F, China Paint Building, 1163 Canton Road, Mongkok, Kowloon, Hong Kong and Shop 13, G/F, 98A–D Argyle Street, Mong kok, Kowloon, Hong Kong respectively.
- (b) The Offeror is Mr. Tang Yiu Sing. As at the Latest Practicable Date, the Offeror and the parties acting in concert with him held 609,784,000 Shares, representing approximately 67.54% of the total issued share capital of the Company, which include 474,480,000 Shares held by the Purchasers, i.e. the Offeror and Mr. SB Tang (representing approximately 52.55% of the total issued share capital of the Company) and 135,304,000 Shares held by the Vendor (representing approximately 14.99% of the total issued share capital of the Company).
- (c) The registered office of Gear is situated at Room 2502, 25/F, Lee Garden Five, 18 Hysan Avenue, Causeway Bay, Hong Kong.
- (d) The registered office of Trinity is situated at Suite 7B, Two Chinachem Plaza, 68 Connaught Road Central, Hong Kong.

**8. DOCUMENTS AVAILABLE FOR INSPECTION**

Copies of the following documents will be available for inspection on the SFC's website at <http://www.sfc.hk> and the website of the Company at [www.pinecaregroup.com](http://www.pinecaregroup.com) from the date of this Composite Document up to and including the Closing Date:

- (a) the "Letter from Gear", the text of which is set out on pages 9 to 25 of this Composite Document; and
- (b) the letters of consent from Gear and Trinity referred to in the paragraph headed "6. Consents and Qualifications" in this Appendix.

## 1. RESPONSIBILITY STATEMENT

The Directors jointly and severally accept full responsibility for the accuracy of the information contained in this Composite Document (other than information relating to the Offeror and parties acting in concert with him (excluding the Vendor)) and confirm, having made all reasonable enquiries, that to the best of their knowledge, opinions expressed in this Composite Document (other than opinions expressed by the Offeror and parties acting in concert with him (excluding the Vendor)) have been arrived at after due and careful consideration and there are no other facts not contained in this Composite Document, the omission of which would make any statement in this Composite Document misleading.

## 2. SHARE CAPITAL

As at the Latest Practicable Date, the authorised and issued share capital of the Company were as follows:

<i>Authorised:</i>		<i>HK\$</i>
<u>5,000,000,000</u>	Ordinary shares of HK\$0.01 each	<u>50,000,000</u>
<i>Issued and fully paid up:</i>		
<u>902,880,000</u>	Ordinary shares of HK\$0.01 each	<u>9,028,800</u>

As at the Latest Practicable Date, save for the 902,880,000 Shares in issue, the Company had no other outstanding shares, options, derivatives, warrants or other securities which are convertible or exchangeable into Shares.

All Shares in issue rank *pari passu* in all respects with each other, including, in particular, as to dividends, voting and return of capital. The Company has not issued any Shares since 31 March 2019, being the date to which the latest audited financial statements of the Company were made up.

The issued Shares are listed on the Stock Exchange. None of the Shares is listed, or dealt in, on any other stock exchange, nor is any listing of or permission to deal in Shares being, or proposed to be, sought on any other stock exchange.

## 3. DISCLOSURE OF INTERESTS

## (i) Directors

As at the Latest Practicable Date, the interests and short positions of the Directors in the Shares, underlying Shares and debentures of the Company or associated corporations (within the meaning of Part XV of the SFO), which were required, pursuant to Section 352 of the SFO, to be entered in the register maintained by the Company referred to therein, or which were required, pursuant to the “Model Code for Securities Transactions by Directors of Listed Issuers”, to be notified to the Company and the Stock Exchange, or which were required to be disclosed under the Takeovers Code were as follows:

## (A) Long position in Shares

Name of director	Capacity/nature of interest	Number of Shares		Approximate percentage of shareholding in the Company (%) (Note 1)	
		Long Position	Short Position	Long Position	Short Position
Mr. Yim Ting Kwok	Interest held by controlled corporations Beneficial owner	135,304,000 (Note 2)	63,216,000 (Note 4)	14.99	7
		4,568,000		0.50	
		139,872,000	63,216,000	15.49	7
Mr. Yim Billy Pui Kei	Interest held by controlled corporations Beneficial owner	135,304,000 (Note 2)	63,216,000 (Note 4)	14.99	7
		320,000		0.03	
		135,624,000	63,216,000	15.02	7
Mr. Chan Yip Keung	Beneficial owner	1,888,000		0.21	
Mr. Yim Edwin Pui Hin	Interest held by controlled corporations	135,304,000 (Note 2)	63,216,000 (Note 4)	14.99	7
Mr. Ng Kwok Fu Alex	Interest held by controlled corporations Member of a concert party group	135,304,000 (Note 2)	63,216,000 (Note 4)	14.99	7
		4,568,000 (Note 3)		0.50	
		139,872,000	63,216,000	15.49	7

*Notes:*

1. The percentage of shareholding in the Company is calculated by reference to the number of Shares in issue as at the Latest Practicable Date (i.e. 902,880,000 Shares).
2. As at the Latest Practicable Date, these Shares are held by Pine Active Care, which is owned as to 90% by Silverage Pine Care and 10% by Silverage Pillar. Silverage Pine Care is in turn owned as to an aggregate of 74.25% by Mr. Yim Ting Kwok, Ms. Cho Wing Yin (spouse of Mr. Yim Ting Kwok), Mr. Ng Kwok Fu Alex, Ms. Suen Mi Lai Betty (spouse of Mr. Ng Kwok Fu Alex), Mr. Yim Billy Pui Kei, Mr. Yim Edwin Pui Hin and Ms. Chu Lai King (senior management of the Company); whereas Silverage Pillar is in turn owned as to an aggregate of 93.58% by Mr. Yim Ting Kwok and Mr. Ng Kwok Fu Alex. Therefore, Silverage Pine Care, Silverage Pillar, Mr. Yim Ting Kwok, Ms. Cho Wing Yin, Mr. Ng Kwok Fu Alex, Ms. Suen Mi Lai Betty, Mr. Yim Billy Pui Kei, Mr. Yim Edwin Pui Hin and Ms. Chu Lai King are deemed to be interested in the Shares held by Pine Active Care pursuant to Part XV of the SFO.
3. Mr. Yim Ting Kwok, Mr. Ng Kwok Fu Alex and Ms. Cho Wing Yin entered into the Acting In Concert Confirmation And Undertaking on 7 September 2016, pursuant to which they would vote as a group (by themselves and/or through companies controlled by them) at the shareholder and/or board levels. Accordingly, Mr. Ng Kwok Fu Alex is deemed to be interested in these Shares held by Mr. Yim Ting Kwok, based on the said acting-in-concert relationship pursuant to Part XV of the SFO.
4. The Vendor granted the Call Options to the Offeror pursuant to which the Offeror (or the Nominees) shall have the right to require the Vendor to transfer at a price per Share equal to the Offer Price up to an aggregate 63,216,000 Shares.

Save as disclosed above, as at the Latest Practicable Date, none of the Directors had any interests or short positions in the Shares, underlying Shares or debentures of the Company or its associated corporations (within the meaning of Part XV of the SFO), which were required (i) to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they were taken or deemed to have under such provisions of the SFO); or (ii) pursuant to section 352 of the SFO, to be entered in the register referred to therein; or (iii) to be notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Companies as set out in Appendix 10 to the Listing Rules; or (iv) to be disclosed under the Takeovers Code.

## (ii) Substantial Shareholders

As at the Latest Practicable Date, the following parties (other than the directors or chief executive of the Company) have interests or short positions in the Shares or underlying Shares as recorded in the register of interests required to be kept by the Company pursuant to Section 336 of the SFO:

*Long position in Shares*

Name of shareholder	Capacity/nature of interest	Number of Shares		Approximate percentage of shareholding in the Company (%) (Note 1)	
		Long Position	Short Position	Long Position	Short Position
Pine Active Care	Beneficial owner	135,304,000 (Note 2)	63,216,000 (Note 6)	14.99	7
Silverage Pine Care	Interest held by controlled corporation	135,304,000 (Note 2)	63,216,000 (Note 6)	14.99	7
Silverage Pillar	Interest held by controlled corporation	135,304,000 (Note 2)	63,216,000 (Note 6)	14.99	7
Ms. Cho Wing Yin	Interest held by controlled corporation	135,304,000 (Note 2)	63,216,000 (Note 6)	14.99	7
	Member of a concert party group	4,568,000 (Note 3)		0.50	
		<u>139,872,000</u>	<u>63,216,000</u>	<u>15.49</u>	<u>7</u>
Ms. Suen Mi Lai Betty	Interest held by controlled corporation	135,304,000 (Note 2)	63,216,000 (Note 6)	14.99	7
Ms. Chu Lai King	Interest held by controlled corporation	135,304,000 (Note 2)	63,216,000 (Note 6)	14.99	7
Ms. Cheung Sui Wa Scarlett	Interest of spouse	135,624,000 (Note 4)	63,216,000	15.02	7
Ms. Lock Hiu Yan Crystal	Interest of spouse	135,304,000 (Note 5)	63,216,000	14.99	7
Yada HK	Beneficial owner	85,536,000		9.47	
The Offeror	Interest of controlled corporation	272,496,000			
	Beneficial Owner	<u>63,216,000</u>			
		<u>335,712,000</u> (note 7)		<u>37.18</u>	
Smartbase (Note 8)	Beneficial owner	48,320,000	—	5.35	—
Starcorp (Note 9)	Beneficial owner	224,176,000	—	24.83	—
Mr. SB Tang	Interest of controlled corporation	201,984,000	—	22.37	—
Century Fortress (Note 10)	Beneficial owner	130,800,000	—	14.49	—
Great Canton (Note 11)	Beneficial owner	71,184,000	—	7.88	—

*Notes:*

1. The percentage of shareholding in the Company is calculated by reference to the number of Shares in issue as at the Latest Practicable Date (i.e. 902,880,000 Shares).
2. These Shares are held by Pine Active Care, which is owned as to 90% by Silverage Pine Care and 10% by Silverage Pillar. Silverage Pine Care is in turn owned as to an aggregate of 74.25% by Mr. Yim Ting Kwok, Ms. Cho Wing Yin (spouse of Mr. Yim Ting Kwok), Mr. Ng Kwok Fu Alex, Ms. Suen Mi Lai Betty (spouse of Mr. Ng Kwok Fu Alex), Mr. Yim Billy Pui Kei, Mr. Yim Edwin Pui Hin and Ms. Chu Lai King (senior management of the Company); whereas Silverage Pillar is in turn owned as to an aggregate of 93.58% by Mr. Yim Ting Kwok and Mr. Ng Kwok Fu Alex. Accordingly, Silverage Pine Care, Silverage Pillar, Ms. Cho Wing Yin, Ms. Suen Mi Lai Betty and Ms. Chu Lai King are deemed to be interested in these Shares pursuant to Part XV of the SFO.
3. Mr. Yim Ting Kwok, Mr. Ng Kwok Fu Alex and Ms. Cho Wing Yin entered into the Acting In Concert Confirmation And Undertaking on 7 September 2016, pursuant to which they would vote as a group (by themselves and/or through companies controlled by them) at the shareholder and/or board levels. Accordingly, Ms. Cho Wing Yin is deemed to be interested in these Shares held by Mr. Yim Ting Kwok, based on the said acting-in-concert relationship pursuant to Part XV of the SFO.
4. Ms. Cheung Sui Wa Scarlett is deemed to be interested in these Shares through the interest of her spouse, Mr. Yim Billy Pui Kei. The relevant interest of Mr. Yim Billy Pui Kei was disclosed in the paragraph headed “Disclosure of interests — (i) Directors” above.
5. Ms. Lock Hiu Yan Crystal is deemed to be interested in these Shares through the interest of her spouse, Mr. Yim Edwin Pui Hin. The relevant interest of Mr. Yim Edwin Pui Hin was disclosed in the paragraph headed “Disclosure of interests — (i) Directors” above.
6. The Vendor granted the Call Options to the Offeror pursuant to which the Offeror (or the Nominees) shall have the right to require the Vendor to transfer at a price per Share equal to the Offer Price up to an aggregate 63,216,000 Shares.
7. Including 272,496,000 Shares and the Offeror’s interest in the Call Options of up to a total of 63,216,000 Shares.
8. Smartbase is a company incorporated in the BVI, the entire issued share capital of which is legally and beneficially owned by the Offeror.
9. Starcorp is a company incorporated in the BVI, the entire issued share capital of which is legally and beneficially owned by the Offeror.
10. Century Fortress is a company incorporated in the BVI, the entire issued share capital of which is legally and beneficially owned by Mr. SB Tang.
11. Great Canton is a company incorporated in the BVI, the entire issued share capital of which is legally and beneficially owned by Mr. SB Tang.

Save as disclosed above, as at the Latest Practicable Date, the Directors were not aware of any person (not being directors or chief executive of the Company) who had an interest or short position in the Shares or underlying Shares which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or recorded in the register required to be kept by the Company under section 336 of the SFO, or required to be disclosed under the Takeovers Code.



**4. DEALINGS IN SECURITIES OF THE COMPANY**

During the Relevant Period,

- (a) the Offeror is an individual and not a company. Hence, neither the Company nor any Director had dealt for value in the relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code) of the Offeror;
- (b) save for
  - (i) the disposal of the Sale Shares by the Vendor (a company which is owned as to 90% by Silverage Pine Care and 10% by Silverage Pillar, and (i) Silverage Pine Care is in turn owned as to an aggregate of 74.25% by Mr. Yim Ting Kwok (an executive Director and the chairman of the Company), Ms. Cho Wing Yin (spouse of Mr. Yim Ting Kwok), Mr. Ng Kwok Fu Alex (a non-executive Director), Ms. Suen Mi Lai Betty (spouse of Mr. Ng Kwok Fu Alex), Mr. Yim Billy Pui Kei (an executive Director), Mr. Yim Edwin Pui Hin (an executive Director) and Ms. Chu Lai King (senior management of the Company); and (ii) Silverage Pillar is in turn owned as to an aggregate of 93.58% by Mr. Yim Ting Kwok and Mr. Ng Kwok Fu Alex) to the Purchasers (through the Nominees) at the consideration of HK\$773,259,912 (equivalent to HK\$1.647 per Sale Share) pursuant to the SPA where Completion of which took place on 11 February 2020; and
  - (ii) the grant of the Call Options by the Vendor to the Offeror, none of the Directors had dealt for value in the relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code) of the Company;
- (c) none of the subsidiaries of the Company, pension funds of the Company or of any member of the Group or any person who is presumed to be acting in concert with the Company by virtue of class (5) of the definition of acting in concert or who is an associate of the Company by virtue of class (2) of the definition of associate under the Takeovers Code but excluding exempt principal traders and exempt fund managers (as defined under the Takeovers Code) had dealt for value in any of the relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code) of the Company;
- (d) save as disclosed, no person had any arrangement of the kind referred to in Note 8 to Rule 22 of the Takeovers Code with the Company or with any person who is presumed to be acting in concert with the Company by virtue of classes (1), (2), (3) and (5) of the definition of acting in concert or who is an associate of the Company by virtue of classes (2), (3) and (4) of the definition of associate and had dealt for value in the Shares; and
- (e) no relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code) of the Company were managed on a discretionary basis by fund managers (other than exempt fund managers) connected with the Company, and none of them had dealt for value in the Shares.

**5. OTHER DISCLOSURE OF INTERESTS**

As at the Latest Practicable Date:

- (a) the Offeror is an individual and not a company. Hence, neither the Company nor any Director had any interest in the relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code) of the Offeror;
- (b) save as disclosed in the paragraph headed “3. Disclosure of Interests” above, none of the Directors had any interests in the relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code) of the Company;
- (c) none of the subsidiaries of the Company, pension funds of the Company or of any member of the Group or any person who is presumed to be acting in concert with the Company by virtue of class (5) of the definition of acting in concert or who is an associate of the Company by virtue of class (2) of the definition of associate under the Takeovers Code but excluding exempt principal traders and exempt fund managers (as defined under the Takeovers Code) had owned or controlled any of the relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code) of the Company;
- (d) save as disclosed, no person had any arrangement of the kind referred to in Note 8 to Rule 22 of the Takeovers Code with the Company or with any person who is presumed to be acting in concert with the offeree company by virtue of classes (1), (2), (3) and (5) of the definition of acting in concert or who is an associate of the Company by virtue of classes (2), (3) and (4) of the definition of associate;
- (e) no relevant securities (as defined in Note 4 to Rule 22 of the Code) of the Company were managed on a discretionary basis by fund managers (other than exempt fund managers) connected with the Company;
- (f) neither the Company nor any of the Directors had borrowed or lent any of the relevant securities (as defined in Note 4 to Rule 22 of the Code) of the Company, save for any borrowed Shares which had been either on-lent or sold;
- (g) in respect of the 135,304,000 Shares held by the Vendor upon Completion, the Vendor has given an Irrevocable Undertaking that such Shares will not be tendered for acceptance under the Offer. In respect of the 4,568,000 Shares, 320,000 Shares, and 1,888,000 Shares beneficially owned by three executive Directors, namely, Mr. Yim Ting Kwok, Mr. Yim Billy Pui Kei and Mr. Chan Yip Keung, respectively, all of them intended not to accept the Offer. Save as the aforesaid, none of the Directors held any beneficial shareholdings in the Company which would otherwise entitle them to accept or reject the Offer;
- (h) no benefit (other than statutory compensation) was or would be given to any Director as compensation for loss of office or otherwise in connection with the Offer;

- (i) there was no agreement or arrangement existed between any Director and any other person which is conditional on or dependent upon the outcome of the Offer or otherwise connected with the Offer; and
- (j) no material contracts had been entered into by the Offeror in which any Director had a material personal interest.

## **7. MATERIAL LITIGATION**

As at the Latest Practicable Date, no member of the Group was engaged in any litigation or arbitration of material importance and no litigation, arbitration or claim of material importance was known to the Directors to be pending or threatened against any member of the Group.

## **8. MATERIAL CONTRACTS**

As at the Latest Practicable Date, the following contract (not being contracts entered into in the ordinary course of business carried on or intended to be carried on by the Company or any of its subsidiaries) was entered into by the Company or any of its subsidiaries within two years before the commencement of the Offer Period which are or may be material: (a) a tenancy agreement dated 13 April 2018 entered into between Patina Wellness and Everhost, pursuant to which Everhost agreed to lease the building named as “Patina” which is situated at No. 18 Junction Road, Kowloon City, Kowloon, Hong Kong (excluding 30th floor and the flat roof together with two car parks) to Patina Wellness for a term of 10 years from 1 April 2018 and up to 31 March 2028, details of which are set out in the announcement of the Company dated 13 April 2018.

## **9. DIRECTORS’ SERVICE CONTRACTS**

As at the Latest Practicable Date, saved as disclosed below, none of the Directors had any existing service contracts with the Company or any of its subsidiaries or associated companies:

- (a) which (including both continuous and fixed term contracts) have been entered into or amended within 6 months prior to the commencement of the Offer Period;
- (b) which are continuous contracts with a notice period of 12 months or more; or
- (c) which are fixed term contracts with more than 12 months to run irrespective of the notice period.

<b>Name of Director</b>	<b>Date of the service contract/ letter of appointment</b>	<b>Term of the appointment</b>	<b>Current Remuneration</b>
Mr. Yim Ting Kwok	23 January 2017	An initial term of three years commencing from the date on which dealings in the Shares on the Main Board of the Stock Exchange first commence (i.e. 15 February 2017) and renewable automatically for successive terms of one year each commencing from the next day after the expiry of the then current term of the appointment	HK \$48,000 per annum  Upon completion of every 12 months of service, a discretionary management bonus of an amount to be recommended by the remuneration committee of the Board and approved by the majority of the Board shall be payable to the director, subject to the conditions set out in the service agreement.
Mr. Yim Billy Pui Kei	23 January 2017	An initial term of three years commencing from the date on which dealings in the Shares on the Main Board of the Stock Exchange first commence (i.e. 15 February 2017) and renewable automatically for successive terms of one year each commencing from the next day after the expiry of the then current term of the appointment	HK \$48,000 per annum  Upon completion of every 12 months of service, a discretionary management bonus of an amount to be recommended by the remuneration committee of the Board and approved by the majority of the Board shall be payable to the director, subject to the conditions set out in the service agreement.
Mr. Chan Yip Keung	23 January 2017	An initial term of three years commencing from the date on which dealings in the Shares on the Main Board of the Stock Exchange first commence (i.e. 15 February 2017) and renewable automatically for successive terms of one year each commencing from the next day after the expiry of the then current term of the appointment	HK \$720,000 per annum  Upon completion of every 12 months of service, a discretionary management bonus of an amount to be recommended by the remuneration committee of the Board and approved by the majority of the Board shall be payable to the director, subject to the conditions set out in the service agreement.
Mr. Yim Edwin Pui Hin	23 January 2017	An initial term of three years commencing from the date on which dealings in the Shares on the Main Board of the Stock Exchange first commence (i.e. 15 February 2017) and renewable automatically for successive terms of one year each commencing from the next day after the expiry of the then current term of the appointment	HK \$48,000 per annum  Upon completion of every 12 months of service, a discretionary management bonus of an amount to be recommended by the remuneration committee of the Board and approved by the majority of the Board shall be payable to the director, subject to the conditions set out in the service agreement.
Mr. Ng Kwok Fu Alex	23 January 2017	A fixed term of three years commencing from the date on which dealings in the Shares first commence (i.e. 15 February 2017) and renewable automatically for a successive term of three years each commencing from the expiry of the then current term of appointment	HK\$48,000 per annum

Name of Director	Date of the service contract/ letter of appointment	Term of the appointment	Current Remuneration
Mr. Lam Yat Hon	23 January 2017	A fixed term of three years commencing from the date on which dealings in the Shares first commence (i.e. 15 February 2017) and renewable automatically for a successive term of three years each commencing from the expiry of the then current term of appointment	HK\$48,000 per annum
Dr. Wong Ping San John	23 January 2017	A fixed term of three years commencing from the date on which dealings in the Shares first commence (i.e. 15 February 2017) and renewable automatically for a successive term of three years each commencing from the expiry of the then current term of appointment	HK\$80,000 per annum
Mr. Liu Kwok Sang	23 January 2017	A fixed term of three years commencing from the date on which dealings in the Shares first commence (i.e. 15 February 2017) and renewable automatically for a successive term of three years each commencing from the expiry of the then current term of appointment	HK\$80,000 per annum
Dr. Liu Yuk Shing	23 January 2017	A fixed term of three years commencing from the date on which dealings in the Shares first commence (i.e. 15 February 2017) and renewable automatically for a successive term of three years each commencing from the expiry of the then current term of appointment	HK\$80,000 per annum

## 10. QUALIFICATIONS AND CONSENTS OF EXPERTS

The qualifications of the experts who have been named in this Composite Document or who has given their opinions, advice or report, which is contained in this Composite Document are as follows:

Name	Qualifications
Opus Capital	A licensed corporation to carry out Type 1 (dealing in securities) and Type 6 (advising on corporate finance) regulated activities under the SFO, being the financial adviser to the Company in relation to the Offer
Grand Moore	A licensed corporation to carry out Type 1 (dealing in securities) and Type 6 (advising on corporate finance) regulated activities under the SFO, being the Independent Financial Adviser
Roma Appraisals Limited	Independent property valuer

As at the Latest Practicable Date, the above experts had given and had not withdrawn their written consents to the issue of this Composite Document with the inclusion herein of their letter, advice, opinion, report and/or references to their name and logo, in the form and context in which they are respectively included.

## 11. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents will be available for inspection (i) at the principal place of business in Hong Kong of the Company at G/F, 1 Koon Wah Lane, 68–72 Yuk Wah Street, Tsz Wan Shan, Kowloon, Hong Kong during normal business hours from 9:30 a.m. to 5:30 p.m., Monday to Friday (except public holidays) unless (a) a tropical cyclone warning signal number 8 or above is hoisted or is announced to be hoisted; or (b) a black rainstorm warning is issued or is announced to be issued; (ii) on the websites of the SFC (<http://www.sfc.hk>) and the Company (<http://www.pinecaregroup.com>), during the period from the date of this Composite Document up to and including the Closing Date:

- (a) the memorandum and articles of association of the Company;
- (b) the annual reports of the Company for each of the financial years ended 31 March 2017, 2018 and 2019;
- (c) the interim report of the Company for the six-month period ended 30 September 2019;
- (d) the letter from the Board, the text of which is set out on pages 26 to 32 of this Composite Document;

- (e) the letter from the Independent Board Committee, the text of which is set out on pages 33 to 34 of this Composite Document;
- (f) the letter from the Independent Financial Adviser, the text of which is set out on pages 35 to 61 of this Composite Document;
- (g) the property valuation report (including the valuation certificates) prepared by Roma Appraisals Limited set out in Appendix III to this Composite Document;
- (h) the material contracts referred to in the paragraph headed “Material Contracts” in this Appendix;
- (i) the service contracts and letters of appointment referred to in the paragraph headed “Directors’ Service Contracts” in this Appendix;
- (j) the written consents referred to in the paragraph headed “Qualifications and Consents of Experts” in this Appendix; and
- (k) this Composite Document.

## 12. MISCELLANEOUS

- (a) The registered office of the Company is situated at Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman KY1-1111, Cayman Islands.
- (b) The head office and principal place of business of the Company in Hong Kong is situated at G/F, 1 Koon Wah Lane, 68–72 Yuk Wah Street, Tsz Wan Shan, Kowloon, Hong Kong.
- (c) The principal share registrar and transfer office of the Company is Conyers Trust Company (Cayman) Limited, situated at Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman KY1-1111, Cayman Islands.
- (d) The Hong Kong branch share registrar and transfer office of the Company is Tricor Investor Services Limited, situated at Level 54, Hopewell Centre, 183 Queen’s Road East, Wanchai, Hong Kong.
- (e) The registered office of Opus Capital, the financial adviser to the Company in relation to the Offer, is situated at 18/F Fung House, 19–20 Connaught Road Central, Central, Hong Kong.
- (f) The registered office of Grand Moore, the Independent Financial Adviser, is situated at Unit 1607, 16/F., Silvercord Tower 1, 30 Canton Road, Tsim Sha Tsui, Kowloon, Hong Kong.
- (g) This Composite Document and the accompanying Form of Acceptance are prepared in both English and Chinese. In the event of inconsistency, the English text shall prevail over their respective Chinese text.