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Diamond Ridge Holdings Limited

*(Incorporated in the British Virgin Islands
with limited liability)*



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)

JOINT ANNOUNCEMENT

- (1) SALE AND PURCHASE OF SHARES IN
PINE CARE GROUP LIMITED;**
- (2) POSSIBLE MANDATORY UNCONDITIONAL CASH OFFERS BY
RAINBOW CAPITAL (HK) LIMITED FOR AND ON BEHALF OF
THE OFFEROR TO ACQUIRE ALL THE ISSUED SHARES IN AND
TO CANCEL ALL OUTSTANDING SHARE OPTIONS OF
PINE CARE GROUP LIMITED (OTHER THAN THOSE ALREADY
OWNED OR AGREED TO BE ACQUIRED BY THE OFFEROR AND
PARTIES ACTING IN CONCERT WITH IT);**
- AND**
- (3) RESUMPTION OF TRADING**

Joint Financial Advisors to the Offeror



KPMG Corporate Finance Limited



RAINBOW CAPITAL (HK) LIMITED
滋博資本有限公司

Rainbow Capital (HK) Limited

THE SP AGREEMENT

On 29 August 2022, the Offeror (as purchaser) and the Vendors entered into the SP Agreement, pursuant to which the Offeror has conditionally agreed to purchase, and the Vendors have conditionally agreed to sell, in aggregate, 506,974,000 Sale Shares at the aggregate consideration of HK\$451,206,860 (being HK\$0.89 per Sale Share). The Sale Shares represent approximately 56.15% of the total number of issued Shares as at the date of this joint announcement.

Completion is conditional upon the fulfilment or waiver (as applicable) of the conditions precedent of the SP Agreement set out in the section headed “The SP Agreement — Conditions precedent” in this joint announcement. Subject to the conditions precedent under the SP Agreement being fulfilled or waived (as applicable), Completion is expected to take place on the Completion Date (or such other date as may be agreed among the parties to the SP Agreement).

POSSIBLE MANDATORY UNCONDITIONAL CASH OFFERS

As at the date of this joint announcement and immediately prior to Completion, none of the Offeror Concert Parties owns, controls or has direction over any Shares or other relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code) of the Company. Immediately following Completion, the Offeror will own 506,974,000 Shares, representing approximately 56.15% of the total number of issued Shares as at the date of this joint announcement.

The Offeror will therefore, subject to and upon Completion, make a mandatory unconditional general offer for all the issued Shares (other than those already owned or agreed to be acquired by the Offeror and parties acting in concert with it) pursuant to Rule 26.1 of the Takeovers Code. The Offeror is also required to make a comparable offer to the Optionholders pursuant to Rule 13.5 of the Takeovers Code to cancel all the outstanding Share Options (other than those already owned or agreed to be acquired by the Offeror and parties acting in concert with it). The Offeror will, through Rainbow Capital, make mandatory unconditional general offers for all the Offer Shares and the Offer Options pursuant to Rule 26.1 and Rule 13.5 of the Takeovers Code.

Principal Terms of the Share Offer

Subject to and upon Completion, Rainbow Capital will, on behalf of the Offeror, make the Share Offer on the following basis:

Share Offer Price for each Offer Share HK\$0.89 in cash

The Share Offer Price of HK\$0.89 per Offer Share under the Share Offer is the same as the purchase price per Sale Share payable by the Offeror under the SP Agreement (assuming that no deduction is made to the Retention Amount pursuant to the terms of the SP Agreement). The Share Offer Price will not be affected by any deduction to the Retention Amount (if any) that may be made to the consideration for the Sale Shares pursuant to the terms of the SP Agreement.

The Share Offer, when made, will be unconditional in all respects and extended to all Offer Shareholders in accordance with the Takeovers Code.

Under the terms of the Share Offer, the Offer Shares will be acquired fully paid and free from all Encumbrances, together with all rights attached thereto on or after the date on which the Share Offer is made, being the date of despatch of the Composite Document, including the right to receive in full all dividends and other distributions declared, if any, the record date of which falls on or after the date of despatch of the Composite Document.

The Company confirms that as at the date of this joint announcement, (i) it has not declared any dividend which is not yet paid; and (ii) it does not have any intention to declare or pay any future dividend or make other distributions prior to and including the date of closing of the Share Offer. If, after the date of this joint announcement, any dividend or other distribution is made or paid in respect of the Offer Shares, the Offeror reserves the right to reduce the Share Offer Price by an amount equal to the net amount of such dividend or other distribution.

The Offeror will not increase the Share Offer Price as set out above. Shareholders and potential investors should be aware that, following the making of this statement, the Offeror will not be allowed to increase the Share Offer Price and the Offeror does not reserve the right to increase the Share Offer Price.

Principal Terms of the Option Offer

When the Share Offer is made (which is subject to Completion), Rainbow Capital will, on behalf of the Offeror, make an appropriate offer to all the Offer Optionholders for the cancellation of all Offer Options held by them, by way of the Option Offer. The Option Offer will be made on the following terms:

Option Offer Price for cancellation of each Offer OptionHK\$0.0001 in cash

In compliance with Rule 13 of the Takeovers Code, the Option Offer Price for cancellation of the Offer Options represents the “see-through” price, which is the difference between the Share Offer Price and the exercise price for each Offer Option.

As the outstanding Share Options have an exercise price of HK\$1.10 per Share, which is above the Share Offer Price, and are therefore out-of-the-money, the Option Offer Price for the cancellation of each such Offer Option will be a nominal cash amount of HK\$0.0001.

As at the date of this joint announcement, (i) there are 18,700,000 outstanding Share Options granted under the Share Option Scheme; and (ii) none of the Offeror Concert Parties hold any Share Options.

The Option Offer will be extended to all outstanding Offer Options on the date on which the Option Offer is made, being the date of despatch of the Composite Document.

Pursuant to the rules of the Share Option Scheme, if a general offer is made to all Shareholders other than the Offeror and parties acting in concert with it, the Company shall use all reasonable endeavours to procure that such offer is extended to all Optionholders on the same terms, *mutatis mutandis*, and assuming that they will become, by the exercise in full of their Share Options granted to them, the Shareholders. If such offer becomes or is declared unconditional, the Optionholders shall, notwithstanding any other terms on which their Share Options were granted, be entitled to exercise their Share Options (to the extent not already exercised) to their full extent or to the extent specified in their notices to the Company in exercise of their Share Options at any time thereafter and up to the close of such offer (or any revised offer). Subject to the above, any outstanding Share Option shall lapse automatically (to the extent not already exercised) on the date on which such offer (or, as the case may be, revised offer) closes. Accordingly, the Share Options in respect of which the Option Offer is not accepted will (to the extent not exercised) automatically lapse upon the close of the Offers.

Save for the 18,700,000 outstanding Share Options, as at the date of this joint announcement, there are no outstanding convertible securities, warrants, options or derivatives issued by the Company which may confer any rights to the holder(s) thereof to subscribe for, convert or exchange into Shares.

Total value of the Offers

On the basis of the Share Offer Price of HK\$0.89 per Offer Share and 395,906,000 Offer Shares subject to the Share Offer, the Share Offer is valued at HK\$352,356,340. On the basis of the Option Offer Price of HK\$0.0001 each and 18,700,000 Share Options subject to the Option Offer (assuming no Share Options are exercised before the close of the Offers), the total amount required to satisfy the cancellation of the Share Options is HK\$1,870. Based on the aforesaid and assuming that no Share Options are exercised before the close of the Offers, the Offers are valued at HK\$352,358,210 in aggregate.

In the event that all the Share Options are exercised in full by the Optionholders before the close of the Offers, the Company will have to allot and issue 18,700,000 new Shares, representing approximately 2.07% of the issued share capital of the Company as at the date of this joint announcement. Assuming the Share Offer is accepted in full (including all the Shares allotted and issued as a result of the exercise of the Share Options), and on the basis of the Share Offer Price of HK\$0.89 per Offer Share and 414,606,000 Offer Shares subject to the Share Offer, the maximum value of the Share Offer will be increased to HK\$368,999,340. In this case, no amount will be payable by the Offeror under the Option Offer, and the Offers are valued at HK\$368,999,340 in aggregate on a fully-diluted basis.

Financial resources available to the Offeror

The maximum amount of cash payable by the Offeror in respect of the consideration for the Transaction and full acceptance of the Offers is HK\$820,206,200, assuming there is no change in the issued share capital of the Company from the date of this joint announcement up to the close of the Offers. The Offeror intends to finance the consideration payable under the Transaction and the Offers with its internal resources.

KPMG Corporate Finance and Rainbow Capital, being the joint financial advisors to the Offeror in respect of the Offers, are satisfied that sufficient financial resources are, and will remain, available to the Offeror to satisfy the consideration for the Transaction and full acceptance of the Offers.

ESTABLISHMENT OF THE INDEPENDENT BOARD COMMITTEE

The Independent Board Committee comprising Mr. Yuen Tak Tim Anthony, Mr. Lam Cheung Wai, Mr. Wong Kam Pui and Mr. Wong Kit Loong, being all independent non-executive Directors, who have no direct or indirect interest in the Offers, has been established pursuant to Rule 2.1 of the Takeovers Code to make a recommendation to the Offer Shareholders as to whether the terms of the Share Offer are fair and reasonable and as to acceptance of the Share Offer, and to the Offer Optionholders as to whether the terms of the Option Offer are fair and reasonable and as to acceptance of the Option Offer.

Dr. Tang Yiu Pong, the non-executive Director, is the elder brother of Mr. YS Tang, and is the sole shareholder of two Vendors, namely Century Fortress Limited and Great Canton Investments Limited, while Mr. YS Tang is the sole shareholder of the other two Vendors, namely Starcorp Limited and Smartbase Investments Limited. Accordingly, Dr. Tang Yiu Pong is not considered independent to be a member of the Independent Board Committee.

APPOINTMENT OF INDEPENDENT FINANCIAL ADVISER

The Independent Financial Adviser will be appointed by the Company with the approval of the Independent Board Committee to advise the Independent Board Committee, the Offer Shareholders and the Offer Optionholders in connection with the Offers pursuant to Rule 2.1 of the Takeovers Code. Further announcement(s) will be made upon the appointment of the Independent Financial Adviser.

DESPATCH OF THE COMPOSITE DOCUMENT

Pursuant to Rule 8.2 of the Takeovers Code, the Composite Document (accompanied by the forms of acceptance), containing, among other things, (i) the terms and conditions of the Offers; (ii) the expected timetable of the Offers; (iii) a letter from the joint financial advisers to the Offer Shareholders and Offer Optionholders; (iv) a letter of recommendation from the Independent Board Committee to the Offer Shareholders and the Offer Optionholders in respect of the Offers; and (v) a letter of advice from the Independent Financial Adviser to the Independent Board Committee in respect of the Offers shall be despatched to the Shareholders and the Optionholders within twenty-one (21) days of the date of this joint announcement or such later date as the Executive may approve.

As the making of the Offers is conditional on the Completion, which are subject to certain conditions precedent, an application will be made by the Offeror to seek the Executive's consent under Rule 8.2 of the Takeovers Code to extend the deadline for the despatch of the Composite Document to a date falling within seven (7) days after the Completion or such other date as the Executive may approve.

Further announcement(s) regarding the despatch of the Composite Document will be made by the Offeror and the Company as and when appropriate.

PUBLIC FLOAT

Pursuant to the Listing Rules, if, after the close of the Share Offer, less than the minimum prescribed percentage applicable to the Company, being 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, the Stock Exchange may exercise its discretion to suspend trading in the Shares.

The Offeror will take appropriate steps to ensure that sufficient public float as required under the Listing Rules exists for the Shares after the close of the Offers.

RESUMPTION OF TRADING IN THE SHARES

At the request of the Company, trading in the Shares on the Stock Exchange was halted with effect from 9:00 a.m. on 30 August 2022 pending the publication of this joint announcement. An application has been made by the Company to the Stock Exchange for the resumption of trading in the Shares on the Stock Exchange with effect from 9:00 a.m. on 31 August 2022.

WARNING

The Directors make no recommendation as to the fairness or reasonableness of the Offers or as to the acceptance of the Offers in this joint announcement. The Independent Board Committee has yet to consider and evaluate the Offers. This joint announcement is made in compliance with the Takeovers Code for the purpose of, among other things, informing Shareholders and Optionholders of the fact that the Company has been informed that the Offers will be made if the Completion takes place.

The Directors strongly recommend the Offer Shareholders and the Offer Optionholders not to form a view on the Share Offer and the Option Offer, respectively, unless and until they have received and read the letter from the Independent Board Committee containing its recommendations to the Offer Shareholders and the Offer Optionholders in respect of the Offers and the letter from the Independent Financial Adviser containing its advice to the Independent Board Committee in respect of the Offers, which will be included in the Composite Document to be despatched to the Shareholders and the Optionholders.

The Offers will only be made if the Completion takes place and the Completion is subject to the conditions precedent set out in the section headed “The SP Agreement — Conditions precedent” in this joint announcement. Accordingly, the Offers may or may not be made.

Shareholders, Optionholders and potential investors of the Company should exercise extreme caution when dealing in the relevant securities of the Company. A further announcement will be made by the Offeror and the Company when the Completion takes place. If the Shareholders, Optionholders and potential investors of the Company are in any doubt about their position or as to the action they should take, they should consult their stockbroker, bank manager, solicitor or other professional advisers.

THE SP AGREEMENT

On 29 August 2022, the Offeror (as purchaser) and the Vendors entered into the SP Agreement, pursuant to which the Offeror has conditionally agreed to purchase, and the Vendors have conditionally agreed to sell, in aggregate, 506,974,000 Sale Shares at the aggregate consideration of HK\$451,206,860 (representing HK\$0.89 per Sale Share). The Sale Shares represent approximately 56.15% of the total number of issued Shares as at the date of this joint announcement.

A summary of the salient terms of the SP Agreement is set out below:

Purchaser	: the Offeror
Vendors	: (1) Century Fortress Limited; (2) Great Canton Investments Limited; (3) Starcorp Limited; and (4) Smartbase Investments Limited.
Subject matter	: 506,974,000 Sale Shares in aggregate, representing approximately 56.15% of the total number of issued Shares as at the date of this joint announcement.

The Sale Shares to be sold by each Vendor are set out below:

Vendors	Sale Shares	Shareholding (%)
(1) Century Fortress Limited	130,800,000	14.49%
(2) Great Canton Investments Limited	103,678,000	11.48%
(3) Starcorp Limited	224,176,000	24.83%
(4) Smartbase Investments Limited	48,320,000	5.35%

The Sale Shares will be sold free from encumbrances and together with all rights and benefits attaching or accruing to them on or after the Completion.

Consideration : HK\$451,206,860 in aggregate, representing HK\$0.89 per Sale Share. The amount of consideration payable to each Vendor is set out below:

Vendors	Consideration (HK\$)
(1) Century Fortress Limited	116,412,000
(2) Great Canton Investments Limited	92,273,420
(3) Starcorp Limited	199,516,640
(4) Smartbase Investments Limited	43,004,800

The consideration for the Transaction was arrived at based on arm's length negotiations between the Purchaser and the Vendors having regard to, among others, the prevailing market prices and trading liquidity of the Shares and the listing status of the Company.

Conditions precedent : Completion shall be conditional upon the following conditions precedent:

- (a) the Purchaser acting reasonably, not having any negative finding from the due diligence of the Group identified after the date of the SP Agreement which is of material significance in the context of the Group taken as a whole and the transaction contemplated under the SP Agreement up to the time when the last of the other conditions set out in conditions (b) to (j) below is fulfilled or waived (as applicable);
- (b) the warranties given or made by the Vendors in the SP Agreement remaining true and accurate in all material respects and not misleading in any material respects as given as at the date of the SP Agreement and as at Completion;
- (c) all licences held by, or necessary for the business of, the Group (including the licences for residential care homes for elderly) having been obtained and remain in full force and effect;

- (d) all approvals, authorisations, consents, licences, certificates, permits, concessions, agreements or other permissions of any kind of, from or by any governmental authority or regulatory body (including the Stock Exchange and the SFC) necessary for the consummation of the transactions contemplated in the SP Agreement having been obtained and remaining in full force and effect;
- (e) all approvals, consents or no objection confirmation letter in respect of the transactions contemplated in the SP Agreement from Hang Seng Bank Limited and Hongkong and Shanghai Banking Corporation Limited for the facilities undertaken by the Group having been obtained and remaining in full force and effect;
- (f) the written notifications to the Social Welfare Department and OneDegree LTC Limited (in which the Company has 5% interest) necessary for the transactions contemplated in the SP Agreement having been served;
- (g) there being no decision, order or judgment having been issued or made by any governmental authority which prohibits or restricts or imposes conditions or limitations on the transactions contemplated in the SP Agreement;
- (h) the listing of the Shares not having been withdrawn from, and the Shares continuing to be traded on, the Stock Exchange prior to the Completion Date (save for any suspension for no longer than seven consecutive trading days or such other period as the Purchaser may agree in writing or the suspension in connection with transactions contemplated under the SP Agreement) and neither the Stock Exchange nor the SFC having indicated that either one of them will object to such continued listing for reasons related to or arising from the transactions contemplated under the SP Agreement;
- (i) the Stock Exchange and the SFC advising that they have no further comment on this joint announcement to be released in connection with the transactions contemplated under the SP Agreement, and the publication of this joint announcement on the Stock Exchange's website by the Company; and
- (j) the Vendors having delivered to the Purchaser a legal opinion confirming the capacity, and authority of the signatory(ies), of each of the Vendors to enter into the SP Agreement and to perform the obligations contained thereunder.

For condition precedent (f), the Company is required to serve written notification to OneDegree LTC Limited pursuant to a subscription agreement made between the Group and OD LTC Limited for subscription by the Company for 5% interest in OneDegree LTC Limited.

As at the date of this joint announcement, neither the Purchaser nor the Vendors is aware of any decision, order or judgment having been issued or made by any governmental authority which prohibits or restricts or imposes conditions or limitations on the transactions contemplated in the SP Agreement described in condition (g).

As at the date of this joint announcement, condition (i) is considered having been satisfied.

The Purchaser may, at its absolute discretion, waive any of the other conditions precedent set out above except condition (d), which cannot be waived. The Vendors and the Company are not aware of any approvals, authorisations, consents, licences, certificates, permits, concessions, agreements or other permissions of any kind of, from or by any governmental authority or regulatory body (including the Stock Exchange and the SFC) necessary for the consummation of the transactions contemplated in the SP Agreement.

Payment

: The consideration for the Sale Shares will be paid in the following manner:

- (a) the sum of HK\$439,926,688.50 to be paid by the Purchaser on the Completion Date to the Vendors; and
- (b) the remaining amount of the Consideration (i.e. HK\$11,280,171.50) (“**Retention Amount**”) shall be paid by the Purchaser on the Completion Date to an escrow account (being an interest-bearing deposit account in the name of the escrow agent to be opened at the escrow bank as agreed by the parties to the SP Agreement) (“**Escrow Account**”). The final Retention Amount to be paid to the Vendors shall be decided in the manner described in the paragraph headed “Retention Amount” below.

- Retention Amount** : On the day which is the later of (i) the date which is six months after the Completion or (ii) the date on which the completion accounts is settled pursuant to the terms of the SP Agreement (“**Final Completion Accounts**”), the Retention Amount, after deducting the following items (where applicable), shall be released from the Escrow Account to the Vendors:
- (a) an amount equal to 56.15% of the greater of the following shortfall:
 - (i) the actual net debt value as shown in the Final Completion Accounts minus the agreed net debt value of HK\$585.0 million minus any amount of such shortfall which is directly caused by certain expenditures as agreed in the SP Agreement; or
 - (ii) the agreed working capital of negative HK\$24.0 million minus the actual working capital as shown in the Final Completion Accounts minus any amount of such shortfall which is directly caused by certain expenditures as agreed in the SP Agreement;
 - (b) if there are any unresolved claims notified to the Vendors in accordance to the SP Agreement, an amount equal to the following, whichever is lower:
 - (i) 56.15% of the estimated liability in respect of such unresolved claims representing a genuine and bona fide estimate of the Vendors’ liability to the Offeror if such unresolved claims were to be resolved in the Offeror’s favour, save for claims in respect of warranties given or made by the Vendors on the Sale Shares and the Vendors under the SP Agreement, upon which 100% of the estimated liability shall be calculated; or
 - (ii) the full amount of the Retention Amount; and
 - (c) any amount due for payment by the Vendors to the Purchaser in respect of any claims notified to the Vendors and resolved in accordance with the SP Agreement, and to the extent that it has not been paid on or before the Retention Amount is released.

Completion : Subject to all the conditions precedent in the SP Agreement having been fulfilled or waived in accordance with the SP Agreement on or before 31 December 2022 or such later day as may be agreed by the Vendors and the Purchaser in writing, Completion shall take place on the Completion Date, which shall be within five (5) business days after the day on which the last of the conditions precedent is fulfilled (or waived in accordance with the SP Agreement), or such other date as the parties to the SP Agreement may mutually agree in writing.

SHAREHOLDING STRUCTURE OF THE COMPANY BEFORE AND AFTER COMPLETION

Assuming that there is no change to the shareholding of the Company otherwise than the Completion, the shareholding structure of the Company (i) as at the date of this joint announcement and immediately before the Completion; and (ii) immediately after the Completion are shown below:

	As at the date of this joint announcement and before Completion		Immediately after the Completion	
	Shares	Approximate % of issued Shares	Shares	Approximate % of issued Shares
Vendors				
Century Fortress Limited ⁽¹⁾	130,800,000	14.49	—	—
Great Canton Investments Limited ⁽¹⁾	103,678,000	11.48	—	—
Starcorp Limited ⁽²⁾	224,176,000	24.83	—	—
Smartbase Investments Limited ⁽²⁾	48,320,000	5.35	—	—
Sub-total	506,974,000	56.15	—	—
Offeror	—	—	506,974,000	56.15
Offer Shareholders				
Mr. Tang Shing Bor (deceased) ⁽³⁾	9,400,000	1.04	9,400,000	1.04
Mr. YS Tang	14,040,000	1.56	14,040,000	1.56
Pine Active Care Limited ⁽⁴⁾	135,304,000	14.99	135,304,000	14.99
Mr. Yim Ting Kwok ⁽⁴⁾	4,568,000	0.51	4,568,000	0.51
Mr. Yim Billy Pui Kei	320,000	0.04	320,000	0.04
Mr. Chan Yip Keung ⁽⁵⁾	6,888,000	0.76	6,888,000	0.76
Other public Shareholders	225,386,000	24.96	225,386,000	24.96
Sub-total	395,906,000	43.85	395,906,000	43.85
Total	902,880,000	100.00	902,880,000	100.00
		<i>Offer Shares</i>	395,906,000	43.85

Notes:

- (1) These corporations were wholly-owned and controlled by Dr. Tang Yiu Pong. The directors of Century Fortress Limited and Great Canton Investments Limited are Mr. YS Tang and his mother.
- (2) These corporations are wholly-owned and controlled by Mr. YS Tang. Mr. YS Tang also holds 14,040,000 Shares as beneficial owner. The directors of Starcorp Limited and Smartbase Investments Limited are Mr. YS Tang and his mother.
- (3) These 9,400,000 Shares were held by Mr. Tang Shing Bor (deceased) as beneficial owner.
- (4) Pine Active Care Limited is owned as to 90% by Silverage Pine Care Limited and 10% by Silverage Pillar Limited. Silverage Pine Care Limited is in turn owned as to 74.25% by Mr. Yim Ting Kwok (“**Mr. TK Yim**”), Ms. Cho Wing Yin (spouse of Mr. TK Yim), 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) while Silverage Pillar Limited is in turn owned as to 93.58% by Mr. TK Yim and Mr. Ng Kwok Fu Alex. Mr. TK Yim also held 4,568,000 Shares as beneficial owner.
- (5) Mr. Chan Yip Keung is an executive Director.

POSSIBLE MANDATORY UNCONDITIONAL CASH OFFERS

As at the date of this joint announcement, the Company has (i) 902,880,000 Shares in issue; and (ii) 18,700,000 Share Options outstanding entitling the grantees to subscribe for an aggregate of 18,700,000 Shares at an exercise price of HK\$1.10 per Share granted under the Share Option Scheme. Save for the above, as at the date of this joint announcement, there are no outstanding convertible securities, warrants, options or derivatives issued by the Company which may confer any rights to the holder(s) thereof to subscribe for, convert or exchange into Shares.

As at the date of this joint announcement, the Offeror Concert Parties do not hold any Shares or Share Options.

Subject to and upon Completion, the Offeror will own 506,974,000 Shares, representing approximately 56.15% of the total number of issued shares of the Company as at the date of this joint announcement, and will therefore make a mandatory unconditional general offer for all the issued Shares (other than those already owned or agreed to be acquired by the Offeror and parties acting in concert with it) pursuant to Rule 26.1 of the Takeovers Code.

The Offeror is also required to make a comparable offer to the Optionholders pursuant to Rule 13.5 of the Takeovers Code to cancel all the outstanding Share Options (other than those already owned or agreed to be acquired by the Offeror and parties acting in concert with it). The Offeror will, through Rainbow Capital, make mandatory unconditional general offers for all the Offer Shares and the Offer Options pursuant to Rule 26.1 and Rule 13.5 of the Takeovers Code.

Principal Terms of the Share Offer

Subject to the Completion, Rainbow Capital will, on behalf of the Offeror, make the Share Offer on the following basis:

Share Offer Price for each Offer Share.....HK\$0.89 in cash

The Share Offer Price of HK\$0.89 per Offer Share under the Share Offer is the same as the purchase price per Sale Share payable by the Offeror under the SP Agreement (assuming that no deduction is made to the Retention Amount pursuant to the terms of the SP Agreement).

The Share Offer Price will not be affected by any deduction to the Retention Amount (if any) that may be made to the consideration for the Sale Shares as stipulated in the section headed “The SP Agreement — Retention Amount” in this joint announcement.

The Share Offer, when made, will be unconditional in all respects and extended to all Offer Shareholders in accordance with the Takeovers Code.

Under the terms of the Share Offer, the Offer Shares will be acquired fully paid and free from all Encumbrances, together with all rights attached thereto on or after the date on which the Share Offer is made, being the date of despatch of the Composite Document, including the right to receive in full all dividends and other distributions declared, if any, the record date of which falls on or after the date of despatch of the Composite Document.

The Company confirms that as at the date of this joint announcement, (i) it has not declared any dividend which is not yet paid; and (ii) it does not have any intention to declare or pay any future dividend or make other distributions prior to and including the date of closing of the Share Offer. If, after the date of this joint announcement, any dividend or other distribution is made or paid in respect of the Offer Shares, the Offeror reserves the right to reduce the Share Offer Price by an amount equal to the net amount of such dividend or other distribution.

The Offeror will not increase the Share Offer Price as set out above. Shareholders and potential investors should be aware that, following the making of this statement, the Offeror will not be allowed to increase the Share Offer Price and the Offeror does not reserve the right to increase the Share Offer Price.

Comparison of value

The Share Offer Price of HK\$0.89 per Offer Share represents:

- (i) a premium of 1.1% over the closing price of HK\$0.880 per Share as quoted on the Stock Exchange on the Last Trading Day;
- (ii) a premium of 4.2% over the average closing price of HK\$0.854 per Share as quoted on the Stock Exchange for the last five (5) consecutive trading days up to and including the Last Trading Day;
- (iii) a premium of 14.4% over the average closing price of HK\$0.778 per Share as quoted on the Stock Exchange for the last ten (10) consecutive trading days up to and including the Last Trading Day;
- (iv) a premium of 40.4% over the average closing price of HK\$0.634 per Share as quoted on the Stock Exchange for the last thirty (30) consecutive trading days up to and including the Last Trading Day;
- (v) a premium of 48.8% over the average closing price of HK\$0.598 per Share as quoted on the Stock Exchange for the last sixty (60) consecutive trading days up to and including the Last Trading Day;
- (vi) a premium of 54.6% over the average closing price of HK\$0.576 per Share as quoted on the Stock Exchange for the last ninety (90) consecutive trading days up to and including the Last Trading Day; and
- (vii) a premium of approximately 339.3% to the audited consolidated equity attributable to the Shareholders of approximately HK\$0.2026 per Share as at 31 March 2022, calculated by dividing the Group's audited equity attributable to the Shareholders of approximately HK\$182,880,000 as at 31 March 2022 by 902,880,000 Shares in issue as at the date of this joint announcement.

Highest and lowest Share prices

The highest and the lowest closing prices of the Shares as quoted on the Stock Exchange during the six-month period immediately preceding the date of this joint announcement up to and including the Last Trading Day, were HK\$0.880 per Share on the Last Trading Day and HK\$0.249 per Share on 2 March 2022, respectively.

Principal Terms of the Option Offer

When the Share Offer is made (which is subject to Completion), Rainbow Capital will, on behalf of the Offeror, make an appropriate offer to all the Offer Optionholders for the cancellation of all Offer Options held by them, by way of the Option Offer. The Option Offer will be made on the following terms:

Option Offer Price for cancellation of each Offer Option..... HK\$0.0001 in cash

In compliance with Rule 13 of the Takeovers Code, the Option Offer Price for cancellation of the Offer Options represents the “see-through” price, which is the difference between the Share Offer Price and the exercise price for each Offer Option.

As the outstanding Share Options have an exercise price of HK\$1.10 per Share, which is above the Share Offer Price, and are therefore out-of-the-money, the Option Offer Price for the cancellation of each such Offer Option will be a nominal cash amount of HK\$0.0001.

As at the date of this joint announcement, (i) there are 18,700,000 outstanding Share Options granted under the Share Option Scheme and the exercise period for all of which is from 1 March 2023 to 1 September 2031; and (ii) none of the Offeror Concert Parties hold any Share Options.

The Option Offer will be extended to all outstanding Offer Options on the date on which the Option Offer is made, being the date of despatch of the Composite Document.

Pursuant to the rules of the Share Option Scheme, if a general offer is made to all Shareholders other than the Offeror and parties acting in concert with it, the Company shall use all reasonable endeavours to procure that such offer is extended to all Optionholders on the same terms, *mutatis mutandis*, and assuming that they will become, by the exercise in full of their Share Options granted to them, the Shareholders. If such offer becomes or is declared unconditional, the Optionholders shall, notwithstanding any other terms on which their Share Options were granted, be entitled to exercise their Share Options (to the extent not already exercised) to their full extent or to the extent specified in their notices to the Company in exercise of their Share Options at any time thereafter and up to the close of such offer (or any revised offer). Subject to the above, any outstanding Share Option shall lapse automatically (to the extent not already exercised) on the date on which such offer (or, as the case may be, revised offer) closes. Accordingly, the Share Options in respect of which the Option Offer is not accepted will (to the extent not exercised) automatically lapse upon the close of the Offers.

Save for the 18,700,000 outstanding Share Options, as at the date of this joint announcement, there are no outstanding convertible securities, warrants, options or derivatives issued by the Company which may confer any rights to the holder(s) thereof to subscribe for, convert or exchange into Shares.

Total value of the Offers

As at the date of this joint announcement, there are 902,880,000 Shares in issue and 18,700,000 Share Options entitling the Optionholders to subscribe for an aggregate of 18,700,000 Shares pursuant to the Share Option Scheme.

On the basis of the Share Offer Price of HK\$0.89 per Offer Share and 395,906,000 Offer Shares subject to the Share Offer, the Share Offer is valued at HK\$352,356,340. On the basis of the Option Offer Price of HK\$0.0001 each and 18,700,000 Share Options subject to the Option Offer (assuming no Share Options are exercised before the close of the Offers), the total amount required to satisfy the cancellation of the Share Options is HK\$1,870. Based on the aforesaid and assuming that no Share Options are exercised before the close of the Offers, the Offers are valued at HK\$352,358,210 in aggregate.

In the event that all the Share Options are exercised in full by the Optionholders before the close of the Offers, the Company will have to allot and issue 18,700,000 new Shares, representing approximately 2.07% of the issued share capital of the Company as at the date of this joint announcement. Assuming the Share Offer is accepted in full (including all the Shares allotted and issued as a result of the exercise of the Share Options), and on the basis of the Share Offer Price of HK\$0.89 per Offer Share and 414,606,000 Offer Shares subject to the Share Offer, the maximum value of the Share Offer will be increased to HK\$368,999,340. In this case, no amount will be payable by the Offeror under the Option Offer, and the Offers are valued at HK\$368,999,340 in aggregate on a fully-diluted basis.

In the event there is no Share Option outstanding at the time the Offeror makes the Share Offer, only the Share Offer will be made by the Offeror and there will not be any Option Offer.

Financial resources available to the Offeror

The maximum amount of cash payable by the Offeror in respect of the consideration for the Transaction and full acceptance of the Offers is HK\$820,206,200, assuming there is no change in the issued share capital of the Company from the date of this joint announcement up to the close of the Offers. The Offeror intends to finance the consideration payable under the Transaction and the Offers with its internal resources.

KPMG Corporate Finance and Rainbow Capital, being the joint financial advisors to the Offeror in respect of the Offers, are satisfied that sufficient financial resources are, and will remain, available to the Offeror to satisfy the consideration for the Transaction and full acceptance of the Offers.

The making of the Offers is subject to Completion

The Offers will only be made if the Completion takes place and the Completion is subject to the conditions precedent set out in the section headed “The SP Agreement — Conditions precedent” in this joint announcement. Accordingly, the Offers may or may not be made.

Shareholders, Optionholders and potential investors of the Company should exercise extreme caution when dealing in the relevant securities of the Company. A further announcement will be made by the Offeror and the Company when the Completion takes place. If the Shareholders, Optionholders and potential investors of the Company are in any doubt about their position or as to the action they should take, they should consult their stockbroker, bank manager, solicitor or other professional advisers.

Effect of accepting the Offers

By accepting the Share Offer, the relevant Offer Shareholder will be deemed to warrant that all Offer Shares to be sold by such person under the Share Offer are fully paid and free from all Encumbrances and together with all rights and benefits attaching thereto as at the date of the Composite Document or subsequently becoming attached to them, including but not limited to the right to receive in full all dividends, distributions and any return of capital, if any, which may be made or declared or agreed to be made or declared, and the record date of which falls on or after the date on which the Share Offer is made, being the date of despatch of the Composite Document.

By accepting the Option Offer, the relevant Offer Options tendered by the Offer Optionholder, together with all rights attaching thereto with effect from the date of the Composite Document will be cancelled and renounced in their entirety.

Acceptance of the Share Offer and the Option Offer will be irrevocable and will not be capable of being withdrawn, except in compliance with the Takeovers Code.

Payment

Payment in cash in respect of acceptances of the Offers will be made as soon as possible but in any event, within seven (7) business days (being a day on which the Stock Exchange is open for the transaction of business) following the day on which the duly completed acceptances of the Offers and the relevant documents of title of the Offer Shares and the Offer Options in respect of such acceptances are received by or for the Offeror to render each such acceptance complete and valid.

No fraction of a cent will be payable, and the amount of the consideration payable to an Offer Shareholder who accepts the Share Offer and an Offer Optionholder who accepts the Option Offer will be rounded up to the nearest cent.

Hong Kong stamp duty

The seller's Hong Kong ad valorem stamp duty arising in connection with acceptances of the Share Offer will be payable by the relevant Offer Shareholders at a rate of 0.13% of the higher of (i) the market value of the Offer Shares; or (ii) the consideration payable by the Offeror in respect of the relevant acceptances of the Share Offer, and will be deducted from the amount payable by the Offeror to the relevant Offer Shareholders on acceptance of the Share Offer.

The Offeror will arrange for payment of the seller's Hong Kong ad valorem stamp duty on behalf of the relevant Offer Shareholders accepting the Share Offer and will pay the buyer's Hong Kong ad valorem stamp duty in connection with the acceptance of the Share Offer and the transfer of the Offer Shares.

No stamp duty is payable on the cancellation of the Offer Options.

Taxation advice

Shareholders and Optionholders are recommended to consult their own professional advisers if they are in any doubt as to the taxation implications of accepting or rejecting the Offers. None of the Offeror, parties acting in concert with it, the Company, KPMG Corporate Finance, Rainbow Capital and their respective ultimate beneficial owners, directors, officers, agents or associates or any other person involved in the Offers accepts responsibility for any taxation effects on, or liabilities of, any persons as a result of their acceptance or rejection of the Offers.

Overseas Shareholders and Optionholders

The availability of the Offers to any Overseas Shareholders and Overseas Optionholders may be affected by the applicable laws and regulations of their relevant jurisdictions of residence. The Overseas Shareholders and the Overseas Optionholders should observe any applicable legal or regulatory requirements and, where necessary, seek their own legal advice. It is the responsibilities of the Overseas Shareholders and the Overseas Optionholders who wish to accept the Offers to satisfy themselves as to the full observance of the laws and regulations of the relevant overseas jurisdictions in connection with the acceptance of the Offers (including the obtaining of any governmental or other consent which may be required or the compliance with other necessary formalities and the payment of any transfer or other taxes due by such Overseas Shareholders and Overseas Optionholders in respect of such overseas jurisdictions).

Acceptance of the Offers by any Overseas Shareholder and Overseas Optionholders will be deemed to constitute a representation and warranty from such Overseas Shareholder or Overseas Optionholder to the Offeror that the local laws and requirements have been complied with. The Overseas Shareholders and the Overseas Optionholders should consult their professional advisers if in doubt.

INTENTION OF THE OFFEROR IN RELATION TO THE GROUP

The Offeror has no intention to introduce any major changes to the existing operations and business of the Group upon the close of the Offers, and intends that the Group will continue to operate its existing business following the close of the Offers. The Offeror will continue to monitor and review the Group's business and operations from time to time, and may take steps that it deems necessary or appropriate to optimise the value of the Group.

The Offeror intends to nominate new director(s) to the Board with effect from the earliest time permitted under the Takeovers Code. As at the date of this joint announcement, the Offeror has not reached any final decision as to who will be nominated as new director(s) of the Company. Any changes to the members of the Board will be made in compliance with the Takeovers Codes and the Listing Rules and further announcement(s) will be made as and when appropriate.

PUBLIC FLOAT

Pursuant to the Listing Rules, if, after the close of the Share Offer, less than the minimum prescribed percentage applicable to the Company, being 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,

the Stock Exchange may exercise its discretion to suspend trading in the Shares.

The Offeror will take appropriate steps to ensure that sufficient public float as required under the Listing Rules exists for the Shares after the close of the Offers.

INFORMATION ON THE PARTIES

The Group

The Company is a company incorporated in the Cayman Islands with limited liability, and the Shares of which are listed on the Stock Exchange. The principal activity of the Company is investment holding, whilst its major operating subsidiaries are engaged in the provision of residential care homes and senior care services.

Set out below is a summary of the audited consolidated financial results of the Group for the financial years ended 31 March 2021 and 2022:

	For the financial year ended	
	31 March	
	2021	2022
	<i>HK\$'000</i>	<i>HK\$'000</i>
	(audited)	(audited)
Revenue	245,706	267,749
Profit/(Loss) before tax	10,682	(17,668)
Profit/(Loss) for the year	3,214	(23,989)
Profit/(Loss) for the year attributable to the owners of the parent	5,860	(20,633)
Total comprehensive income/(loss) for the year	3,676	(24,024)
Total comprehensive income/(loss) for the year attributable to the owners of the parent	6,096	(20,651)
Net assets	204,187	183,485

The Offeror

The Offeror is incorporated in the BVI with limited liability on 18 May 2022. The Offeror is an investment holding company and its entire issued share capital is indirectly wholly-owned by Chime Corporation Limited, a company incorporated in Hong Kong with limited liability. Chime Corporation Limited is owned as to 99.77% by the estate of Ms. Nina Kung and 0.23% by the unadministered estate of Mr. Wang Teh Huei (together with the estate of Ms.

Nina Kung, the “**Estates**”). Two professional administrators were appointed by the High Court of Hong Kong as the joint and several administrators of each of the Estates and they are not personally interested in the Estates. Chime Corporation Limited is the holding company of all companies forming Chinachem Group. Chinachem Group is a privately-owned property developer based in Hong Kong and it mainly develops residential, commercial, retail and industrial properties, owns and manages hotels and invests in businesses that improves people’s lives and the environment.

Other arrangements

The Offeror confirms that as at the date of this joint announcement:

- (i) None of the Offeror, its ultimate beneficial owner and/or parties acting in concert with any of them owns, holds or has control or direction over any voting rights or rights over the Shares or convertible securities, warrants, options or derivatives of the Company, and there is no outstanding derivative in respect of the securities in the Company which is owned, controlled or directed by, or has been entered into by the Offeror, its ultimate beneficial owner and/or any person acting in concert with any of them;
- (ii) the Offeror, its ultimate beneficial owner, and/or parties acting in concert with any of them have not received any irrevocable commitment to accept or reject the Offers;
- (iii) save for the SP Agreement, there is no arrangement (whether by way of option, indemnity or otherwise) of any kind referred to in Note 8 to Rule 22 of the Takeovers Code in relation to the shares of the Offeror or the Shares and which might be material to the Offers;
- (iv) other than the consideration payable to the Vendors under the SP Agreement, there is no other consideration, compensation or benefits in whatever form provided by the Offeror, its ultimate beneficial owner or their respective concert parties to any of the Vendors or their concert parties in connection with the Transaction;
- (v) save for the SP Agreement, there is no agreement or arrangement to which the Offeror, its ultimate beneficial owner and/or parties acting in concert with any of them is a party which relates to circumstances in which it may or may not invoke or seek to invoke a pre-condition to the Offers;
- (vi) there is no relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code) in the Company which the Offeror, its ultimate beneficial owner and/or parties acting in concert with any of them has borrowed or lent; and
- (vii) there is no understanding, arrangement or agreement which constitutes a special deal (as defined under Rule 25 of the Takeovers Code) between (i)(a) the Offeror, its ultimate beneficial owner or their respective concert parties, or (i)(b) the Company, its subsidiaries or associated companies on one hand; and (ii) any Shareholder on the other hand.

The Company confirms that, as at the date of this joint announcement, there is no understanding, arrangement or agreement which constitutes a special deal (as defined under Rule 25 of the Takeover Code) between (i)(a) the Company, its subsidiaries or associated companies, or (i)(b) the Offeror, its ultimate beneficial owner or their respective concert parties on one hand; and (ii) any Shareholder on the other hand.

ESTABLISHMENT OF THE INDEPENDENT BOARD COMMITTEE

The Independent Board Committee comprising Mr. Yuen Tak Tim Anthony, Mr. Lam Cheung Wai, Mr. Wong Kam Pui and Mr. Wong Kit Loong, being all independent non-executive Directors, who have no direct or indirect interest in the Offers, has been established pursuant to Rule 2.1 of the Takeovers Code to make a recommendation to the Offer Shareholders as to whether the terms of the Share Offer are fair and reasonable and as to acceptance of the Share Offer, and to the Offer Optionholders as to whether the terms of the Option Offer are fair and reasonable and as to acceptance of the Option Offer.

Dr. Tang Yiu Pong, the non-executive Director, is the sole shareholder of two Vendors, namely Century Fortress Limited and Great Canton Investments Limited, while Mr. YS Tang is the sole shareholder of the other two Vendors, namely Starcorp Limited and Smartbase Investments Limited. Accordingly, Dr. Tang Yiu Pong is not considered independent to be a member of the Independent Board Committee.

APPOINTMENT OF INDEPENDENT FINANCIAL ADVISER

The Independent Financial Adviser will be appointed by the Company with the approval of the Independent Board Committee to advise the Independent Board Committee, the Offer Shareholders and the Offer Optionholders in connection with the Offers pursuant to Rule 2.1 of the Takeovers Code. Further announcement(s) will be made upon the appointment of the Independent Financial Adviser.

DISCLOSURE OF DEALINGS

Associates of the Offeror and the Company (as defined in the Takeovers Code, including shareholders holding 5% or more of any class of relevant securities (as defined in paragraphs (a) to (d) in Note 4 to Rule 22 of the Takeovers Code) of any of the Offeror and the Company) are hereby reminded to disclose their dealings in the relevant securities of the Company under Rule 22 of the Takeovers Code during the offer period (as defined under the Takeovers Code).

In accordance with Rule 3.8 of the Takeovers Code, reproduced below is the full text of Note 11 to Rule 22 of the Takeovers Code:

“Responsibilities of stockbrokers, banks and other intermediaries

Stockbrokers, banks and others who deal in relevant securities on behalf of clients have a general duty to ensure, so far as they are able, that those clients are aware of the disclosure obligations attaching to associates of an offeror or the offeree company and other persons under Rule 22 and that those clients are willing to comply with them. Principal traders and dealers who deal directly with investors should, in appropriate cases, likewise draw

attention to the relevant Rules. However, this does not apply when the total value of dealings (excluding stamp duty and commission) in any relevant security undertaken for a client during any 7 day period is less than \$1 million.

This dispensation does not alter the obligation of principals, associates and other persons themselves to initiate disclosure of their own dealings, whatever total value is involved.

Intermediaries are expected to co-operate with the Executive in its dealings enquiries. Therefore, those who deal in relevant securities should appreciate that stockbrokers and other intermediaries will supply the Executive with relevant information as to those dealings, including identities of clients, as part of that co-operation.”

Dealing and interest in the Company’s securities

By reason of being the joint financial advisors to the Offeror, KPMG Corporate Finance, Rainbow Capital and their fellow subsidiaries, are presumed to be acting in concert with the Offeror in relation to the Offers. Details of holdings or borrowings or lendings of, and dealings in, Shares held by or entered into by KPMG Corporate Finance and Rainbow Capital will be obtained as soon as possible after this joint announcement has been made, and if necessary, a further announcement will be made, in accordance with Note 1 to Rule 3.5 of the Takeovers Code.

Save for the Transaction, the Offeror, its ultimate beneficial owner and parties acting in concert with any of them had not dealt in any Shares or any options, warrants, derivatives or securities convertible into Shares or other derivatives in respect of securities in the Company during the six-month period immediately prior to and up to the date of this joint announcement.

DESPATCH OF THE COMPOSITE DOCUMENT

Pursuant to Rule 8.2 of the Takeovers Code, the Composite Document (accompanied by the forms of acceptance), containing, among other things, (i) the terms and conditions of the Offers; (ii) the expected timetable of the Offers; (iii) a letter from the joint financial advisors to the Offer Shareholders and Offer Optionholders; (iv) a letter of recommendation from the Independent Board Committee to the Offer Shareholders and the Offer Optionholders in respect of the Offers; and (v) a letter of advice from the Independent Financial Adviser to the Independent Board Committee in respect of the Offers shall be despatched to the Shareholders and the Optionholders within twenty-one (21) days of the date of this joint announcement or such later date as the Executive may approve.

As the making of the Offers is conditional on the Completion, which are subject to certain conditions precedent, an application will be made by the Offeror to seek the Executive’s consent under Rule 8.2 of the Takeovers Code to extend the deadline for the despatch of the Composite Document to a date falling within seven (7) days after the Completion or such other date as the Executive may approve.

Further announcement(s) regarding the despatch of the Composite Document will be made by the Offeror and the Company as and when appropriate.

RESUMPTION OF TRADING IN THE SHARES

At the request of the Company, trading in the Shares on the Stock Exchange was halted with effect from 9:00 a.m. on 30 August 2022 pending the publication of this joint announcement. An application has been made by the Company to the Stock Exchange for the resumption of trading in the Shares on the Stock Exchange with effect from 9:00 a.m. on 31 August 2022.

WARNING

The Directors make no recommendation as to the fairness or reasonableness of the Offers or as to the acceptance of the Offers in this joint announcement. The Independent Board Committee has yet to consider and evaluate the Offers. This joint announcement is made in compliance with the Takeovers Code for the purpose of, among other things, informing Shareholders and Optionholders of the fact that the Company has been informed that the Offers will be made if the Completion takes place.

The Directors strongly recommend the Offer Shareholders and the Offer Optionholders not to form a view on the Share Offer and the Option Offer, respectively, unless and until they have received and read the letter from the Independent Board Committee containing its recommendations to the Offer Shareholders and the Offer Optionholders in respect of the Offers and the letter from the Independent Financial Adviser containing its advice to the Independent Board Committee in respect of the Offers, which will be included in the Composite Document to be despatched to the Shareholders and the Optionholders.

The Offers will only be made if the Completion takes place and the Completion is subject to the conditions precedent set out in the section headed “The SP Agreement — Conditions precedent” in this joint announcement. Accordingly, the Offers may or may not be made.

Shareholders, Optionholders and potential investors of the Company should exercise extreme caution when dealing in the relevant securities of the Company. A further announcement will be made by the Offeror and the Company when the Completion takes place. If the Shareholders, Optionholders and potential investors of the Company are in any doubt about their position or as to the action they should take, they should consult their stockbroker, bank manager, solicitor or other professional advisers.

DEFINITIONS

In this joint announcement, the following expressions have the meanings set out below unless the context requires otherwise.

“acting in concert”	has the meaning ascribed thereto under the Takeovers Code
“associate(s)”	has the meaning ascribed to it under the Takeovers Code
“Board”	the board of Directors

“Business Day”	a day, other than a Saturday or Sunday, on which banks are open for ordinary banking business in Hong Kong
“BVI”	British Virgin Islands
“Chinachem Group”	Chime Corporation Limited and its subsidiaries
“Company”	Pine Care Group Limited, a company incorporated in the Cayman Islands with limited liability, the Shares of which are listed on the Main Board of the Stock Exchange (stock code: 1989)
“Completion”	completion of the Transaction in accordance with the terms and conditions of the SP Agreement
“Completion Date”	the date on which Completion takes place, being within five (5) business days after the day on which the last of the conditions precedent is fulfilled (or waived in accordance with the SP Agreement), or such other date as the parties to the SP Agreement may mutually agree in writing
“Composite Document”	the composite offer and response document to be jointly despatched by the Offeror and the Company to the Shareholders and the Optionholders in accordance with the Takeovers Code in respect of the Offers
“concert party(ies)”	parties acting in concert
“Director(s)”	director(s) of the Company
“Encumbrances”	means any option, right to acquire, right of pre-emption, title retention, deferred term or conditional sale, mortgage, charge, pledge, lien or other form of security or encumbrance or any other agreement or arrangement having a similar effect
“Executive”	the Executive Director of the Corporate Finance Division of the SFC or any delegate of the Executive Director
“Group”	the Company and its subsidiaries (as defined under the Listing Rules)
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC

“Independent Board Committee”	the independent board committee of the Company established by the Board pursuant to Rule 2.8 of the Takeovers Code to make a recommendation to the Offer Shareholders and the Offer Optionholders in respect of the Offers
“Independent Financial Adviser”	the independent financial adviser to be appointed by the Company and approved by the Independent Board Committee to advise the Independent Board Committee, the Offer Shareholders and the Offer Optionholders in connection with the Offers
“KPMG Corporate Finance”	KPMG Corporate Finance Limited, being the joint financial advisors to the Offeror in relation to the Offers, a licensed corporation under the SFO to carry out Type 6 (advising on corporate finance) regulated activity under the SFO
“Last Trading Day”	29 August 2022, being the last trading day of the Shares immediately prior to the halt in trading in the Shares on the Stock Exchange pending the release of this joint announcement
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Mr. YS Tang”	Mr. Tang Yiu Sing, an executive Director who wholly owns and controls two of the Vendors, Starcorp Limited and Smartbase Investments Limited. Mr. YS Tang is also a director of each of the Vendors. Mr. YS Tang is the younger brother of Dr. Tang Yiu Pong, the non-executive Director
“Offer Optionholders”	Optionholders other than the Offeror Concert Parties
“Offer Options”	all the outstanding Share Options, and each an “Offer Option”
“offer period”	has the meaning ascribed to it under the Takeovers Code
“Offer Shareholders”	Shareholders other than the Offeror Concert Parties
“Offer Shares”	all the Shares in issue, other than those owned or agreed to be acquired by the Offeror Concert Parties, and each an “Offer Share”
“Offeror” or “Purchaser”	Diamond Ridge Holdings Limited, a company incorporated in the BVI with limited liability on 18 May 2022 and indirectly wholly-owned by Chime Corporation Limited, the holding company of Chinachem Group. The Offeror is the purchaser under the SP Agreement and will, subject to the Completion, make the Offers through Rainbow Capital

“Offeror Concert Parties”	the Offeror and parties acting in concert, or presumed to be acting in concert, with the Offeror under the definition of “acting in concert” under the Takeovers Code
“Offers”	the Share Offer and the Option Offer
“Option Offer”	the possible mandatory unconditional offer to be made by Rainbow Capital for and on behalf of the Offeror to the Offer Optionholders to cancel all outstanding Offer Options on the terms and conditions to be set out in the Composite Document and in compliance with the Takeovers Code
“Option Offer Price”	HK\$0.0001 for each Offer Option, payable by the Offeror to the Offer Optionholders who tendered their Offer Options for cancellation under the Option Offer
“Optionholders”	holders of the Share Options
“Overseas Optionholder(s)”	the Optionholder(s) whose address(es), as shown on the register of Optionholders of the Company, is/are outside Hong Kong
“Overseas Shareholder(s)”	the Shareholder(s) whose address(es), as shown on the register of members of the Company, is/are outside Hong Kong
“PRC”	the People’s Republic of China (for the purpose of this joint announcement, excluding Hong Kong, the Macao Special Administrative Region and Taiwan)
“Rainbow Capital”	Rainbow Capital (HK) Limited, being the joint financial advisor to the Offeror in relation to the Offers, a licensed corporation under the SFO to carry out Type 1 (dealing in securities) and Type 6 (advising on corporate finance) regulated activities under the SFO
“Retention Amount”	has the same meaning given to it in the paragraphs headed “The SP Agreement — Retention Amount”
“Sale Shares”	the 506,974,000 Shares in aggregate to be acquired by the Offeror from the Vendors in accordance with the terms of the SP Agreement, representing approximately 56.15% of the total number of issued Shares as at the date of this joint announcement
“SFC”	the Securities and Futures Commission of Hong Kong
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)

“Share Offer”	the possible mandatory unconditional cash offer to be made by Rainbow Capital for and on behalf of the Offeror to acquire all Offer Shares, on the terms and conditions to be set out in the Composite Document and in compliance with the Takeovers Code
“Share Offer Price”	HK\$0.89 for each Offer Share, payable by the Offeror to the Offer Shareholders who tender their Offer Shares for acceptance under the Share Offer
“Share Options”	share options granted by the Company pursuant to the Share Option Scheme
“Share Option Scheme”	the share option scheme of the Company adopted on 23 January 2017
“Share(s)”	ordinary share(s) of the Company
“Shareholders”	holders of the Shares
“SP Agreement”	the sale and purchase agreement dated 29 August 2022 and entered into among the Offeror (as purchaser) and the Vendors in respect of the sale and purchase of the Sale Shares
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Takeovers Code”	the Hong Kong Code on Takeovers and Mergers
“Transaction”	the sale and purchase of the Sale Shares by the Offeror from the Vendors under the SP Agreement
“Vendors”	Century Fortress Limited, Great Canton Investments Limited, Starcorp Limited and Smartbase Investments Limited collectively, each of which is a company incorporated in the BVI, each a “Vendor”. Century Fortress Limited and Great Canton Investments Limited are wholly-owned by Dr. Tang Yiu Pong, and Starcorp Limited and Smartbase Investments Limited are wholly-owned by Mr. YS Tang
“%”	per cent.

For and on behalf of
Diamond Ridge Holdings Limited
Mr. Wong Hung Han
Sole Director

By order of the Board of
Pine Care Group Limited
Tang Yiu Sing
Chairman and Executive Director

Hong Kong, 30 August 2022

As at the date of this joint announcement, the Board comprises nine Directors, namely Mr. Tang Yiu Sing, Mr. Chan Yip Keung, Mr. Yeung Ka Wing and Mr. Cheng Wai Ching as executive Directors; Dr. Tang Yiu Pong as non-executive Director; and Mr. Yuen Tak Tim Anthony, Mr. Lam Cheung Wai, Mr. Wong Kam Pui and Mr. Wong Kit Loong as independent non-executive Directors.

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

As at the date of this joint announcement, the sole director of the Offeror is Mr. Wong Hung Han, and the directors of Chime Corporation Limited, which is the ultimate parent company of and indirectly controls the Offeror, are Mr. Choi Wun Hing, Donald, Mr. Wong Hung Han, Mr. Chan Kam Por and Mr. Ng Shung Mo.

The sole director of the Offeror together with the directors of Chime Corporation Limited, jointly and severally accept full responsibility for the accuracy of the information contained in this joint announcement (other than the information relating to the Group), and confirms, having made all reasonable enquires, that to the best of their knowledge, opinions expressed in this joint announcement (other than those expressed by the Directors) have been arrived at after due and careful consideration and there are no other facts not contained in this joint announcement, the omission of which would make any statement in this joint announcement misleading.